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# ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>APP</td>
<td>Annual Performance Plan</td>
</tr>
<tr>
<td>COS</td>
<td>Centre of Specialisation</td>
</tr>
<tr>
<td>DHET</td>
<td>Department of Higher Education and Training</td>
</tr>
<tr>
<td>HRDS-SA</td>
<td>Human Resource Development Strategy for South Africa</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
</tr>
<tr>
<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
</tr>
<tr>
<td>MTSF</td>
<td>Medium Term Strategic Framework</td>
</tr>
<tr>
<td>NDP</td>
<td>National Development Plan</td>
</tr>
<tr>
<td>NEET</td>
<td>Not in employment nor in education and training (youth)</td>
</tr>
<tr>
<td>NSDS</td>
<td>National Skills Development Strategy</td>
</tr>
<tr>
<td>NSF</td>
<td>National Skills Fund</td>
</tr>
<tr>
<td>OPS</td>
<td>Operational Plan</td>
</tr>
<tr>
<td>PQM</td>
<td>Programme Qualification Mix</td>
</tr>
<tr>
<td>PSET</td>
<td>Post-School Education and Training</td>
</tr>
<tr>
<td>SETA</td>
<td>Sector Education and Training Authority</td>
</tr>
<tr>
<td>SNE</td>
<td>Special Needs Education</td>
</tr>
<tr>
<td>SSP</td>
<td>Sector Skills Plan</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities, Threats</td>
</tr>
<tr>
<td>TVET</td>
<td>Technical and Vocational Education and Training</td>
</tr>
<tr>
<td>WIL</td>
<td>Work Integrated Learning</td>
</tr>
<tr>
<td>WPBL</td>
<td>Workplace-based Learning</td>
</tr>
</tbody>
</table>
PART A: GENERAL OVERVIEW
2. MESSAGE FROM THE COUNCIL CHAIRPERSON

I am indeed honoured to present the College’s 2018 Annual Report. The report reflects on the collective achievements realised during the year of review in a range of activities, all of which converge to curriculum delivery. As College Council, we are steadfast in pursuing the vision of the TVET sector, that of skilling the nation with the purpose of enhancing employability, but most importantly, the College vision of being the leading College brand in South Africa. The College Council continued to play their oversight role of governance in ensuring that all statutory structures were in place, enabling policies were developed, implemented and monitored. We also reviewed some of the policies to be in line with the amended legislations of DHET and ensured that we put structures in place that will best assist the college to realise its aims and objectives of delivering quality education.

The evolution in the College sector has placed high expectations on Colleges to adjust accordingly. We are humbled to assert that Gert Sibande TVET College is marching in the desired direction and is better positioned to respond to new challenges. As College Council we will continue supporting, and implementing noble initiatives, programmes and activities that are likely to benefit the college.

We are indebted to the commitment demonstrated by our partners, both private and public partnerships, in supporting the diverse programmes offered by the College.

As the College Council, we are proud of the excellent academic achievement that the College keeps producing year in and year out. 2018 was no different. Our NCV pass rate of 90.4% set a new benchmark for Gert Sibande TVET College. Our special gratitude is extended to the cohort of dedicated and committed staff members who work relentlessly hard in pursuit of agreed targets.

I will fail the College Council if I do not pass our sincere appreciation to the Department of Higher Education and Training (DHET) for making funds available through the NSFAS bursary allocation to those financially needy, but academically performing students.

In conclusion, the College Council is proud to submit the 2018 Annual Report, as an example of a TVET College that strives for continuous improvement, a principle that has become synonymous to Gert Sibande TVET College.
3. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed throughout annual report are consistent.

- The annual report has been prepared in accordance with the guidelines issued by the Department of Higher Education and Training.

- The annual financial statements have been prepared in accordance with the relevant standards, frameworks and guidelines issued by National Treasury.

- The accounting officer, i.e. the principal, is responsible for the preparation of the annual financial statements and for the judgements made in this document.

- The accounting officer, i.e. the principal, is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

- The Auditor-General and/or external auditors express an independent opinion on the annual financial statements.

- In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of Gert Sibande TVET College for the financial year ended 31 December 2018.
4. LEGISLATION AND OTHER DIRECTIVES

LEGISLATIVE FRAMEWORK

Gert Sibande TVET College is enjoined by Section 44(3) of the Act, read in conjunction with section 25(3) of the same Act to prepare and submit to the Minister for Higher Education and Training an annual report.

In terms of Sections 25(3) and 25(4) of the Continuing Education and Training (CET) Colleges Act, No 16 of 2006 (as amended), public technical and vocational education and training (TVET) colleges are required to produce annual financial reports and to comply with any reasonable additional reporting requirement established by the Minister. Moreover, Section 44 of the Act requires colleges to annually report to the Minister in respect of its performance and its use of available resources.

In addition, these pieces of legislation govern and steer the college in terms of achievement of its strategic and performance objectives.

LEGISLATIVE AND OTHER MANDATES

In terms of Sections 25(3) and 25(4) of the Continuing Education and Training (CET) Colleges Act, No 16 of 2006 (as amended), public technical and vocational education and training (TVET) colleges are required to produce annual financial reports and to comply with any reasonable additional reporting requirement established by the Minister. Moreover, Section 44 of the Act requires colleges to annually report to the Minister in respect of its performance and its use of available resources. In addition, these pieces of legislation govern and steer the college in terms of achievement of its strategic and performance objectives.

The Constitution of the Republic of South Africa (Section 29(1)-(4)) provides for the right of basic and further education to everyone in the official language of their choice provided equity, redress and practicability are taken into account. In addition, the Continuing Education and Training (CET) Colleges Act (No 16 of 2006) provides for the regulation of continuing and further education and training through the establishment, governance and funding of public technical and vocational education and training (TVET) colleges and the promotion of quality in continuing and further education and training.

Further sets of legislation that impact on the TVET colleges sector and its strategic and national imperatives are listed below:

- National Qualifications Framework (NQF) Act (No 67 of 2008);
- Higher Education (HE) Act (No 101 of 1997);
- Skills Development Act (No 97 of 1998);
- Skills Development Levies Act (no 9 of 1999); and

In addition, the White Paper for Post-School Education and Training mandates delivery and strategic priorities in the TVET colleges sector. Other policy mandates include:

- National Trade Testing Regulations;
- SETA Grant Regulations;
- National Skills Development Strategy;
- Public TVET College Attendance and Punctuality Policy; and Policy on the Conduct of National Examinations and Assessment.
PART B: GOVERNANCE
## CONSTITUTION OF THE COLLEGE COUNCIL AND GOVERNANCE STRUCTURES

### College Council Members

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr PP Magagula</td>
<td>Chairperson</td>
</tr>
<tr>
<td>Ms D Thwala</td>
<td>Deputy Chairperson</td>
</tr>
<tr>
<td>Mr L Tshabalala</td>
<td>Ministerial appointee</td>
</tr>
<tr>
<td>Mr M Purchase</td>
<td>Ministerial appointee</td>
</tr>
<tr>
<td>Mr M Luthuli</td>
<td>Ministerial appointee</td>
</tr>
<tr>
<td>Dr A Beeka</td>
<td>Additional member</td>
</tr>
<tr>
<td>Ms F Mtshali</td>
<td>Additional member</td>
</tr>
<tr>
<td>Ms V Harmse</td>
<td>Additional member</td>
</tr>
<tr>
<td>Mr M Loots</td>
<td>Additional member</td>
</tr>
<tr>
<td>Mrs TPP Mange</td>
<td>Acting Principal</td>
</tr>
<tr>
<td>Mr JA Pretorius</td>
<td>Academic Board representative</td>
</tr>
<tr>
<td>Mr M Mbethe</td>
<td>Support staff representative</td>
</tr>
<tr>
<td>Mr S Matshatsha</td>
<td>Academic staff representative</td>
</tr>
<tr>
<td>Ms T Mkhwanazi</td>
<td>SRC representative</td>
</tr>
<tr>
<td>Mr P Ramateletse</td>
<td>SRC representative</td>
</tr>
</tbody>
</table>

The College Council conducted the following meetings:

<table>
<thead>
<tr>
<th>Type meeting</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council meeting</td>
<td>4 per annum</td>
</tr>
<tr>
<td>Academic board</td>
<td>4 per annum</td>
</tr>
<tr>
<td>Audit and Risk Committee</td>
<td>4 per annum</td>
</tr>
<tr>
<td>EXCO and Finance committee (HR and remuneration, Public liaison, Infrastructure &amp; Development, and any other ad hoc committees)</td>
<td>4 per annum</td>
</tr>
<tr>
<td>SRC EXCO meetings</td>
<td>4 per annum</td>
</tr>
</tbody>
</table>
REPORTS BY COMMITTEES OF COUNCIL

Include in this section narrative reports on activities and performance by the:

AUDIT COMMITTEE.

Introduction

The objective of the Audit and Risk Committee is to assist the College Council in fulfilling oversight responsibilities regarding the financial reporting process, the system of internal control and management of risks, the audit process and the monitoring of compliance with laws and regulations. The Audit and Risk Committee is in place and functional. The committee met four times during the financial year under review.

Audit Committee Charter

The Audit and Risk Committee charter complies with the principles of good governance and in terms of the Public Finance Management Act (PFMA), Treasury regulations are published to give direction to State Departments, Constitutional and Public Institutions and these are adopted as best practice for the College.

The Audit and Risk Management Committee plays a critical role in making recommendations to the College Council and other relevant authorities with regard to:

- Financial reporting to management and other users of such information;
- Risk management
- Internal audit
- Combined assurance
- Internal control
- Special and forensic investigations
- IT Governance
- Legal and regulatory compliance and
- External audit.
Report on the operations of the Audit and Risk Committee

The Audit and Risk Committee addressed the following during the period under review:

- Review and approval of the draft Annual Financial Statements for the Year that ended on 31 December 2017 for provision to the Auditor General.
- Noting that the Auditor General report was presented with the following audit findings:
  - IT security policy
  - Disaster recovery plan
  - ICT committee
  - Granting user access to all systems
  - The process to manage upgrades/updates made on all information systems
  - IT governance framework
  - Backup and retention strategy
  - Unpaid leave
  - Succession plan
  - System to recover amounts or assets owed by employees
  - Inventory policy
  - Asset verification
  - Noting of the Internal Audit report on leave management and Centre for Entrepreneurship Rapid Incubator (CfERI) Bank Account/General Ledger.
  - Noting that the Internal Audit plan for 2018 was shared with all members present.
  - Noting that KPMG presented the following detailed audit reports:
    - Examination processes
    - Human Resource and payroll process review
    - Procurement and contract processes
  - Approval for the advertisement of an external company to act as internal auditors ended on 31 December 2018.

Financial discipline review

Noting that every member of the Audit and Risk Committee should complete a declaration of confidentiality as per the Auditor General’s expectations. The letter was shared with all present.

- Noting that the Risk register was shared at the meeting.
- Noting that the Internal Control Management Assessment report was shared with the members present.
- Noting the Audit procedures implemented during the audit of Recruitment and selection.
- Noting the presentation of the KPMG audit report on financial discipline review.
- Approval for the advertisement of an external company to act as internal auditors ended on 31 December 2018.
Conclusion

The Audit and Risk Committee wishes to report that in its opinion:

- Matters requiring management's attention have been adequately addressed
- The internal control systems are effective but require improvement
- The external auditors are effective, objective and independent
- The Audit and Risk Committee accepts the opinion expressed by the External Auditors
- Risk Management within the College has been established and so far there is progress on implementation of the Risk Management processes; however, Risk Management’s contribution towards improvements on the College’s performance is reliant on effective implementation of the processes by the key stakeholders and incorporation into critical processes such as Planning, Monitoring and Reporting.
- The Audit and Risk Committee has carried out its operations appropriately and diligently
- The annual financial statements for the year that ended on 31 December 2017 presented the financial position of the College.
REPORT OF THE AUDIT AND RISK COMMITTEE RISK MANAGEMENT

Gert Sibande TVET College takes risk management very serious and has taken the necessary steps to develop and implement relevant risk management processes.

The following was introduced:

1. A comprehensive risk register was developed by the college management that includes the executive management, senior managers and Campus Managers.

2. The risk register, including the SWOT analysis was also updated in 2018, to ensure that the college is able to deliver the service required.

The following risks were identified and arranged according to the strategic objectives of Gert Sibande TVET College.

<table>
<thead>
<tr>
<th>No</th>
<th>Strategic Objective</th>
<th>Risk Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To provide technical and vocational education and training services by increasing quality and success in terms of the academic achievement of students.</td>
<td>Inability to recover rapidly/ fully from a business disruption incident</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compromised credibility of the national examination</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Relevance, management and maintenance of Report 191/190 curriculum</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inability to attract, develop and retain quality / qualified staff</td>
</tr>
<tr>
<td>2</td>
<td>To provide technical and vocational education and training capacity by having adequate infrastructure and systems in place to increase access and provide effective services to students.</td>
<td>Growth/ demand increasing more rapidly than infrastructure capacity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Poor public perception of TVET Colleges in SA</td>
</tr>
<tr>
<td>3</td>
<td>To develop partnerships and maintain good stakeholder relations in support of increasing the number of students who are adequately prepared to enter the labour market or further and higher learning opportunities.</td>
<td>Volatile political and socio-economic climate in South Africa</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Student unrest</td>
</tr>
<tr>
<td>4</td>
<td>To ensure continuous business excellence in terms of good corporate governance, inclusive of effectual management of resources (human resource, finances and funding and infrastructure and/or facilities) as well as information and data reporting.</td>
<td>Ineffective performance management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Financial sustainability of the College</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-compliance with applicable Acts and regulations</td>
</tr>
<tr>
<td>5</td>
<td>To promote an entrepreneurial culture in the college through the establishment of incubation hubs that could allow students to put to test their learned entrepreneurial skills</td>
<td>Limited exit strategies for skilled leaners/ graduates</td>
</tr>
</tbody>
</table>
EXCO AND FINANCE COMMITTEE (AND ANY OTHER AD HOC COMMITTEES)

Introduction

The objective of the Committee is to oversee all and any implementation strategies and decisions as taken by the College Council. The Committee also liaises between College Council and the Planning and Resource Committee who will monitor management on the implementation of the strategic plan. The Committee further plays a key role in the recommendation of strategic, financial, risk management and internal control policies, procedures and systems.

Executive Committee Charter

The Committee charter complies with the principles of good governance and in terms of the Public Finance Management Act (PFMA), Treasury regulations are published to give direction to State Departments, Constitutional and Public Institutions and these are adopted as best practice for the College. The Committee plays a critical role in making recommendations to the College Council and other relevant authorities with regard to:

- Oversee strategic decision implementation
- Strategic, Financial, Risk Management and Internal Control Policies
- Review of planned expenditure, business plans and capital projects
- Receive reports on legal matters and litigation
- Preparation of Annual Report for approval
- Review operations and budget comparisons
- Reviews proposals on sale and disposal of Assets;
- Stakeholder management framework and policy and
- Employee guidance on stakeholder liaison.

Report on the operations of the Committee

The Committee addressed the following activities during the period under review:

- Reviewed the delinquency of debts and approved the write-off of debts retrospectively for the 2018 Financial Year.
- Approval of raising 100% Provision on outstanding student debt as on 31/12/2018.
- Review and Approval of 29 Finance Policies as well as Anti-Fraud and Corruption Policy.
- In Year Monitoring (IYM) for the Year 2018 was presented at all normal sitting of the Exco and Finance Committees
- Irregular Expenditure report was presented to the Committee for review and approval.
- Approval of budgeted amount for TVET CGC provincial AGM.
- Approval of remuneration via acting allowances for the Acting Principal, Acting DP Academic, Acting DP Registrar and Acting Campus Manager of Standerton Campus.
- Approval of the CEO initiated staff bursary for staff members identified to be further developed.
Approval of budget request for the establishment of a guest-house in Standerton.

Approval of amendments to the training policy.

Approval of budget request for the purchase of the passage adjacent the head office in order to cater for office expansion.

The resolution that each College Council member is a former employee of the state and should submit a letter to the TVET College confirming their status of employment.

Approval of budget request for the procurement of a farm.

Approval of the request for the Acting Regional Manager to continue using College resources at the regional office.

Approval of the targets and planned enrolment numbers for 2019.

Approval of the presented building plans for the guest-house project.

Review and adoption of the 2019 Financial Year budget.

Approval of the use of PURCO to assist with procurement and tenders.

Approval of advertisement to be placed in local newspapers requesting a farm that is for sale which should be 200Ha or larger.

Noting of the dismissal of a staff member due to the unauthorised use of the college fleet card.

Noting that Students protested 2 weeks prior to the holiday. Head Office intervened to assist Campus Manager.

Noting that Livestock have been procured and security has been upgraded.

Noting that the Head Office is in the process to appoint a foreman.

Noting that the 3-year contract AD: Infrastructure post and projects manager should be 2 separate units.

Noting that the Project Manager should remain in an acting capacity on SR9 and that the Roles and responsibilities of both these officials should be clearly defined.

Conclusion

The Committee wishes to report that in its opinion:

- Matters requiring management's attention have been adequately addressed;
- The internal control systems are effective, but the strive toward continuous improvement is mandatory;
- The self-funded Capex plan should be spread over a 2-year period so as not to strain reserves and cash flow, ensuring maximum liquidity to continuously conduct business operations.
- The committee is extremely satisfied with the financial operations of the College, control of cash flow and reserves to conduct operations amidst a decrease in funding.
- The Committee has carried out its operations appropriately and diligently and
- The Committee was satisfied that the Annual Financial Statements as on 31 December 2017 presented the Financial position and performance of the college fairly.
ACADEMIC BOARD REPORT

Introduction

The Academic Board of Gert Sibande TVET College is accountable to the Council for:

- All the teaching and learning functions of the College
- Establishing internal academic monitoring and quality promotion mechanism
- Ensure the requirement of accreditation to provide learning against standards and qualifications registered on the NQF are met.
- A fully functional Academic Board was established in 2015 according to the requirements of the CET Act.
- Performing such other functions as may be delegated and assigned by Council

Academic board Quarterly Meetings were scheduled as follows:

- 22 March 2018
- 20 June 2018
- 20 September 2018
- 07 November 2018

The Academic Board was responsible for the following outputs during 2018:

- 2018 Targets for subject pass rate, progression rates, mathematics and mathematical literacy pass rates, retention and attendance rates, WPBL & WIL targets
- Approval of enrolment numbers for NCV and Report 191
- Approval of textbook retrieval policy
- Approval for 2018 teaching and learning Plan
- Approval of programmes offered at Skills academy
- Approval for the budget for academic intervention
- Approval of the Strategic plan for 2019
- Adoption of the 2019 fee structure
22 March 2018

- Approval of targets for 2018
- Approval of enrolments for 2018
- Analysis of results and interventions for NCV Nov 2017 and Report 191 Nov 2017
- Sharing of the Marking Plans for NCV Feb 2018 Supplementary Exam and N1 Marking Plans for Term 1 in 2018
- Assessment Schedules for 2018 of NCV and Report 191
- ICASS Monitoring Plan for 2018
- Presentation Teaching and Learning Plan
- DHET & Umalusi Monitoring feedback

20 June 2018

- Presentation of the analysis of results for NCV supplementary exams 2018, NCV test 1 2018 and Report 191 T1 - 2018
- Presentation of retention and attendance rates
- Report on DHET TVET Bursary Scheme
- Timetable for NCV Test 2
- Feedback on SBA Monitoring (DHET), Umalusi visits and exam monitoring (DHET & QCTO)

20 September 2018

- Approval of the targets for 2019
- Approval of Strategic Plan : Enrolment Numbers 2019
- Election of College Council Academic Board Member
- Presentation on the results for NCV Test 2 and Report 191 S1 - 2018
- Presentations of retention and attendance
- Presentation on internal and external examination preparation and readiness

Feedback on Teaching and Learning Plan monitoring

Feedback on SBA Monitoring, ICASS verification and exam monitoring (DHET) The following new subjects were approved:

- Evander Campus- Mechatronic Systems L2-L4
- Evander Campus- Introductory Personnel Management N4
The following new program was approved:

- Perdekop Campus- Management Assistant N4-N6
- Approval for the centre of specialisation

The following presentations were also shared:

- Drop out report
- Exit level Interventions
- Academic Support report
- NSFAS funded list
- Report on DHET TVET Bursary Scheme and WPBL

**07 November 2018**

Fees for 2019 approval

Programme Approval 2019

The following Policies were approved:

- Language Policy
- Admission Policy
- SRC Constitution

The following Presentations were made:

- NCV ICASS Results Analysis 2018
- Attendance Rate as on 30 September 2018
- Retention Rate as on 30 September 2018
- Marking Plans 2018
- Feedback on DHET NSFAS Bursary Scheme and additional sponsors
- Progress on Placement Tests conducted
- Calendar for 2019
- Skills Audit
- Feedback on PLP pilot
- Feedback on COS
- College Closure and re-opening
<table>
<thead>
<tr>
<th></th>
<th>ACTUALS 2016</th>
<th>ACTUALS 2017</th>
<th>TARGET 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject Pass Rate – NCV</td>
<td>89%</td>
<td>92%</td>
<td>93%</td>
</tr>
<tr>
<td>Subject Pass Rate – Report 191:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Studies</td>
<td>89%</td>
<td>92%</td>
<td>93%</td>
</tr>
<tr>
<td>Engineering Studies</td>
<td>67%</td>
<td>77%</td>
<td>87%</td>
</tr>
<tr>
<td>Progression Rate – NCV</td>
<td>65%</td>
<td>77%</td>
<td>78%</td>
</tr>
<tr>
<td>Progression Rate Report 191:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Studies</td>
<td>70%</td>
<td>81%</td>
<td>82%</td>
</tr>
<tr>
<td>Engineering Studies</td>
<td>40%</td>
<td>70%</td>
<td>71%</td>
</tr>
<tr>
<td>Mathematical Literacy – NCV</td>
<td>94%</td>
<td>96%</td>
<td>97%</td>
</tr>
<tr>
<td>Mathematics – NCV</td>
<td>81%</td>
<td>86%</td>
<td>87%</td>
</tr>
<tr>
<td>Mathematics – Report 191:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N1 – N3</td>
<td>77%</td>
<td>82%</td>
<td>83%</td>
</tr>
<tr>
<td>N4 – N6</td>
<td>59%</td>
<td>71%</td>
<td>72%</td>
</tr>
<tr>
<td>Retention Rate</td>
<td>89%</td>
<td>89%</td>
<td>90%</td>
</tr>
<tr>
<td>Attendance Rate (students)</td>
<td>79%</td>
<td>84%</td>
<td>80%</td>
</tr>
<tr>
<td>Attendance Rate (staff)</td>
<td>93%</td>
<td>97%</td>
<td>95%</td>
</tr>
<tr>
<td>WBE Students</td>
<td>3518</td>
<td>3129</td>
<td>2000</td>
</tr>
<tr>
<td>WILL Lecturers</td>
<td>10</td>
<td>15</td>
<td>50% of lecturers</td>
</tr>
<tr>
<td>Bursary Management</td>
<td>100% by September</td>
<td>100% by September</td>
<td>100% by June</td>
</tr>
<tr>
<td>Partnerships (live Mou’s)</td>
<td>60</td>
<td>45</td>
<td>50</td>
</tr>
</tbody>
</table>
STUDENT REPRESENTATIVE COUNCIL REPORT

2018 SRC Elections:

On the 1st of February 2018 the SRC election took place across all campuses of Gert Sibande TVET College (Standerton-, Ermelo-, Sibanesetfu-, Balfour-, Perdekop- and Evander campus) Officials from the local IEC assisted with the SRC election process, in ensuring that the election process was free, fair, procedural and democratic. All campuses elected ten (10) SRC members per site/campus.

SRC Induction and camp:

On 23rd to 25th February 2018 all campus SRC attended the SRC induction at Standerton campus. CSRC (Central College SRC) members at central level were elected on the 25th of February 2018 The College's senior members and all departmental representatives used this platform to do presentations, which was aligned to guide SRC members to be aware of the processes in the College. The SRC Training took place in Standerton campus and Ermelo Inn. This training also enabled the SRC members to lead and serve the students of Gert Sibande TVET College with integrity, dignity and pride.

SRC resolutions for 2017/2018:

The SRC agreed on the following resolutions, to assist the students to perform optimally and to increase the retention rate of the college:

- Committed to 0% strikes.
- Committed to academic excellence and to make teaching and learning their priority.
- Committed to 80% and above class attendance by students.
- Committed to work hand-in-hand with the management of the college to ensure stability and that education takes centre stage.
- To create an environment that is conducive to teaching and learning success.
- Assist the College in achieving its vision: “To be the leading college brand in South Africa”.

Workshops and conferences:

The SRC President and Secretary-General attended the 3rd SAFETSA National Elective Conference on the 13th - 15th of July 2018 in Cape Town

- SRC President’ Secretary and Treasurer attended NSFAS consultative meetings called by the administrator and NSFAS
- The Central SRC President attended the Provincial HEAIDS Meeting in Nelspruit
- The Central SRC donated books and sanitary towels in various schools and correctional services in Standerton
Student functions:

- Valentine’s Day celebrations took place on 09 February 2018 in all the campuses.
- The inter-campus athletics day took place on 17 February 2018 at Lillian Ngoyi Stadium (Secunda), with Evander campus as the winner. On 3rd March 2018 the college attended the Provincial athletics event in Kwamhlanga (Solomon Mahlangu Stadium). Gert Sibande TVET College was the overall winner.
- On the 09th to 11th of March 2018, the college was part of the Provincial team that attended the National athletics event in Polokwane. Mpumalanga took 2nd position in the National Event.
- On 18 May 2018, the college held the annual intercampus sports day with various sports codes. The event was held at the Kinross stadium.
- On the 08th of September 2018, provincial sports day was held in Nelspruit stadium.
- On the 05th of May 2018, the college held the Annual Arts and Culture day at Balfour campus. All campuses competed in various activities during the day. Provincial Arts and Culture competitions were hosted by Gert Sibande TVET College.
- National summer ball games were held in Eastern Cape, East London on the 01st – 04th of October 2018 and the province came in 3rd position.
- The College academic day was held on 27th of July 2018 - all the campuses participated. Students participated in various academic activities, these motivated students to improve their academic performance and excellence.

National and Regional Events:

- National Athletics: 10th – 11th March 2018, Polokwane (Limpopo Province)
- National Arts and Culture: 27 – 29 July 2018, North West Province (Rustenburg)
- National Debate Competition: Took place in Bloemfontein on the 31st of August 2018
- National Summer Ballgames: 01 - 04 October 2018, Eastern Cape - East London
- The Regional quiz competition took place on the 17th of July 2019
2019 Student Representative Council
PART C: PERFORMANCE INFORMATION
Improving the quality of Teaching & Learning in TVET colleges in South Africa and consequently student achievement and absorption is essential. As TVET Colleges, we need to position ourselves to meet the demands of skilling the youth for employment, entrepreneurship and articulation to Higher Education institutions. Gert Sibande TVET College strives to meet the training demands of industry with commitment and distinction placing a premium on high-quality student performance.

The NDP sets an enrolment target of 2.5 million TVET students and a certification rate of 75% in TVET colleges by 2030. The college decided, in line with the mandate from the DHET, to keep the enrolment targets for 2018 similar to 2017. The focus on improving student performance and absorption of graduates into workplaces remained the main strategic driver for Gert Sibande TVET College in 2018.

Gert Sibande TVET College revels in the outstanding academic achievement of our students. The class of 2018, staff, business partners and parents must be congratulated on producing the best results for 2018 academic year. The college achieved the outstanding certification rate of 74% and a subject pass rate of 90.4% for the NCV November exams, and 88% for Report 191 Business studies and 68% engineering studies.
2018 REPORT 191 RESULTS - BEST EVER!

The analysis of the Report 191 (Nated) revealed an increase in the annual average subject pass rate in both the Business and Engineering faculties. The yearly cumulative business studies subject pass rates are as follows: 81% in 2014 to 85% in 2015 to 89% in 2016 and 89% in 2017 and 88% in 2018 against a Target of 90%, while the engineering studies are as follows:

- from 67% in 2014 to 67% in 2015
- to 67% in 2016 to 77% in 2017
- and to 68% in 2018 (Target 70%).

2018 PERFORMANCE AT A GLANCE:

The college performance in 2018 in critical areas against the college strategic plan targets are reflected in the table below.

<table>
<thead>
<tr>
<th>Critical Area</th>
<th>Target 2018</th>
<th>Actuals 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject Pass Rate – NCV</td>
<td>93%</td>
<td>90.4%</td>
</tr>
<tr>
<td>Progression/Certification Rate</td>
<td>78%</td>
<td>74%</td>
</tr>
<tr>
<td>Subject Pass Rate – Report 191:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Studies</td>
<td>90%</td>
<td>88%</td>
</tr>
<tr>
<td>Engineering Studies</td>
<td>78%</td>
<td>68%</td>
</tr>
<tr>
<td>Retention Rate</td>
<td>90%</td>
<td>89.6%</td>
</tr>
<tr>
<td>Attendance Rate (students)</td>
<td>80%</td>
<td>73%</td>
</tr>
<tr>
<td>Attendance Rate (staff)</td>
<td>95%</td>
<td>97%</td>
</tr>
<tr>
<td>WBE (students)</td>
<td>2000</td>
<td>1983</td>
</tr>
<tr>
<td>WBE (lecturers)</td>
<td>50% of lectures</td>
<td>30</td>
</tr>
<tr>
<td>Bursary Management</td>
<td>100% by June</td>
<td>100% by October</td>
</tr>
<tr>
<td>Partnerships (live MOUs)</td>
<td>50</td>
<td>47</td>
</tr>
</tbody>
</table>
GOVERNANCE MATTERS:

A fully functional College Council, SRC, Audit and Risk Committee, and Academic Board ensured that the college met the regulations for good governance. 2018 marks the last term of office for the current college council membership, DHET will run the recruitment process of new council members on behalf of the college.

INTERNATIONAL PARTNERSHIPS AND LINKAGES

The College through MERSETA and EW SETA and Chinese Culture managed to place ten (10) and thirteen (13) NCV Graduates in China for internship, respectively. The students spent six (6) months in TVET Colleges and another six (6) months in Chinese Manufacturing Companies. Thirteen (13) returned from China and ten (10) returned in June 2019.

The college has a 100 % success rate on this project.

COLLEGE MANAGEMENT & COUNCIL VISIT CHINA

From the 24th of November to the 2nd of December 2018, the Acting Principal, Acting Deputy Finance and the Chair- person of Council and a member of Council had an opportunity to visit Polytechnic Colleges and a Shoe Manufacturing Company in China. The purpose of the visit was to learn best practices and to forge partnerships with the Chinese Polytechnic as the college envisaged to offer clothing manufacturing and design in 2019/2020.

STUDENTS QUALIFIED IN ARTISAN RELATED PROGRAMMES IN 2018

<table>
<thead>
<tr>
<th>Apprenticeships completed</th>
<th>Learners Completed</th>
<th>Expected learners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrician</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td>Fitter</td>
<td>06</td>
<td>07</td>
</tr>
<tr>
<td>Welder</td>
<td>05</td>
<td>07</td>
</tr>
<tr>
<td>Chemical operators</td>
<td>27</td>
<td>38</td>
</tr>
</tbody>
</table>

20 of this learners are absorbed in permanent positions at SASOL

FINANCIAL MANAGEMENT & AUDIT BY AUDITOR GENERAL:

The college continue to improve financial controls and has appointed an internal auditor and internal external audit firm to assist in strengthening internal controls, risk identification and mitigation. For 2018 Financial year the College received an unqualified audit opinion, this time with one material finding. The College team is working hard towards achieving a clean audit opinion. In 2018 academic year the college received an increase in funding from R166,733,000.00 to R 299,423,000.00 which accounts for 80 % growth as compared to the previous year.

INFRASTRUCTURE & MAINTANANCE BUDGET:

In 2018 the college was awarded R9,1 Million to assist the college with maintenance of the college premises and to improve the quality of teaching and learning. We are grateful to the Minister of Higher Education and Training and her team for the maintenance grant, the college is using this grant judiciously to positively impact on the quality of teaching and learning.
CENTRE OF SPECIALISATION:

The College was awarded the opportunity to host and launch the Centre of Specialization in Millwright, thirty learners (30) are registered for Millwright in partnership with SASOL Mine, SERITI and Meadow feeds. The Mining Qualification Authority is a lead SETA in this project. The Department of Higher Education & Training, QCTO, National Skills Fund and employers and other stakeholders played a major role in the establishment of the Centre of Specialization.

PRE-VOCATIONAL PILOT PROGRAMME:

Gert Sibande TVET College ran a Pilot program for grade 9 students who did not get the required mark for admission into college programs. Thirty-six (36) students were admitted into the PLP program and twenty-eight (28) completed, 08 dropped out. In 2019 the College will run the PLP program as part of the college program mix to assist the student’s bridge the gaps in foundational English, Foundational life skills, Foundational Mathematics, and Foundational Physical science. This group was not covered for travel and accommodation allowances and twenty-eight completed regardless of financial constraints that most of this students faced.

CONCLUDING REMARKS:

The term of office for the current council is drawing near to an end, we are grateful to all outgoing council members for the role they played in making Gert Sibande TVET College a Leading College brand in South Africa. Our heartfelt gratitude goes to the College Council, management staff, SRC, students, DHET and business partners who worked in synergy to ensure that Gert Sibande TVET College enjoyed another successful year in 2018 with the majority of targets being met and exceeded.
7. COLLEGE PERFORMANCE AND ORGANISATIONAL ENVIRONMENT

National Certificate: Vocational (NCV) results:
The college achieved a noteworthy progression rate of 74% and a subject pass rate of 90.4%. The college's performance for 2018, per individual campus were:

<table>
<thead>
<tr>
<th>Campus</th>
<th>Subject pass rate</th>
<th>Progression rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balfour campus</td>
<td>89.3%</td>
<td>77%</td>
</tr>
<tr>
<td>Ermelo campus</td>
<td>90.6%</td>
<td>76%</td>
</tr>
<tr>
<td>Evander campus</td>
<td>88.6%</td>
<td>69%</td>
</tr>
<tr>
<td>Perdekop campus</td>
<td>90.9%</td>
<td>74%</td>
</tr>
<tr>
<td>Sibanesetfu campus</td>
<td>90.4%</td>
<td>70%</td>
</tr>
<tr>
<td>Standerton campus</td>
<td>92.3%</td>
<td>85%</td>
</tr>
<tr>
<td>College achievement</td>
<td>90.4%</td>
<td>74%</td>
</tr>
</tbody>
</table>

Standerton campus was awarded as the best performing campus:

NCV MATHEMATICS AND MATHEMATICAL LITERACY RESULTS
The Curriculum Section is proud to report on noteworthy pass rates for NCV Mathematics and Mathematical Literacy.
2018 REPORT 191 RESULTS

The analysis of the Report 191 revealed a satisfactory performance in the annual average subject pass rate and progression rate in both the Business and Engineering faculties.

The college also experienced a satisfactory performance in the Mathematics results of the Report 191 Engineering students:
SIGNIFICANT ACHIEVEMENTS DURING THE 2018 ACADEMIC YEAR

ATTENDANCE AND RETENTION RATES:
The Academic, Financial, and Student Wellness Programmes that are offered to students through Student Support Services at the various campuses are all directed towards enhancing success rates and improving attendance and retention. The correct choice of programmes through placement tests conducted, proper career guidance and counselling are all contributing factors to a holistic student approach. An early alert Student Referral System is in place to ensure immediate intervention when poor academic performance and/or class attendance is detected. The college will endeavour to continuously improve on existing strategies to reach and exceed the targets set by the College Council for attendance and retention.

100% OF PLANNED PROGRAMMES IMPLEMENTED IN 2018:
Gert Sibande TVET College is committed to be responsive to the needs of the community it serves. During May of each academic year, the Academic Board revisits the impact of current programmes that are offered by the various sites and recommends new programmes to address the needs of the area in which a campus is located. Besides offering generic programmes, niche programmes and or subjects are offered by campuses

NCV ENROLMENT NUMBERS 2018:

<table>
<thead>
<tr>
<th></th>
<th>Level 2 Planned</th>
<th>Level 2 Actual</th>
<th>Level 4 Planned</th>
<th>Level 4 Actual</th>
<th>College Total Planned</th>
<th>College Total Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil engineering</td>
<td>210</td>
<td>192</td>
<td>134</td>
<td>98</td>
<td>52</td>
<td>51</td>
</tr>
<tr>
<td>Electrical Infrastructure and Construction</td>
<td>490</td>
<td>507</td>
<td>347</td>
<td>303</td>
<td>160</td>
<td>168</td>
</tr>
<tr>
<td>Engineering and Related design</td>
<td>175</td>
<td>180</td>
<td>117</td>
<td>103</td>
<td>67</td>
<td>54</td>
</tr>
<tr>
<td>Finance, Economics and Accounting</td>
<td>175</td>
<td>183</td>
<td>146</td>
<td>93</td>
<td>63</td>
<td>69</td>
</tr>
<tr>
<td>Hospitality</td>
<td>70</td>
<td>70</td>
<td>46</td>
<td>48</td>
<td>42</td>
<td>39</td>
</tr>
<tr>
<td>Management</td>
<td>175</td>
<td>183</td>
<td>188</td>
<td>136</td>
<td>104</td>
<td>106</td>
</tr>
<tr>
<td>Marketing</td>
<td>245</td>
<td>215</td>
<td>157</td>
<td>129</td>
<td>95</td>
<td>104</td>
</tr>
<tr>
<td>Mechatronics</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Office administration</td>
<td>840</td>
<td>825</td>
<td>667</td>
<td>627</td>
<td>432</td>
<td>451</td>
</tr>
<tr>
<td>Primary agriculture</td>
<td>70</td>
<td>105</td>
<td>46</td>
<td>37</td>
<td>27</td>
<td>30</td>
</tr>
<tr>
<td>Primary Health</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>29</td>
<td>34</td>
</tr>
<tr>
<td>Transport and logistics</td>
<td>70</td>
<td>74</td>
<td>87</td>
<td>74</td>
<td>61</td>
<td>69</td>
</tr>
<tr>
<td>TOTALS PER LEVEL</td>
<td>2695</td>
<td>2954</td>
<td>1959</td>
<td>1609</td>
<td>1025</td>
<td>1168</td>
</tr>
</tbody>
</table>
### Report 191: Engineering studies enrolment:

<table>
<thead>
<tr>
<th>N1</th>
<th>Planned</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balfour</td>
<td>2917</td>
<td>503</td>
</tr>
<tr>
<td>N2</td>
<td></td>
<td>993</td>
</tr>
<tr>
<td>N3</td>
<td></td>
<td>700</td>
</tr>
<tr>
<td>N4</td>
<td>1533</td>
<td>623</td>
</tr>
<tr>
<td>N5</td>
<td></td>
<td>452</td>
</tr>
<tr>
<td>N6</td>
<td></td>
<td>245</td>
</tr>
<tr>
<td>Total</td>
<td>4450</td>
<td>3516</td>
</tr>
</tbody>
</table>

### 191 Business studies:

<table>
<thead>
<tr>
<th>N4</th>
<th>N5</th>
<th>N6</th>
<th>College Planned</th>
<th>College Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intro Business studies</td>
<td>426</td>
<td>N/A</td>
<td>N/A</td>
<td>590</td>
</tr>
<tr>
<td>Business management</td>
<td>107</td>
<td>118</td>
<td>105</td>
<td>350</td>
</tr>
<tr>
<td>Financial management</td>
<td>164</td>
<td>130</td>
<td>127</td>
<td>279</td>
</tr>
<tr>
<td>Hospitality and catering services</td>
<td>39</td>
<td>19</td>
<td>9</td>
<td>70</td>
</tr>
<tr>
<td>Human resource management</td>
<td>189</td>
<td>172</td>
<td>82</td>
<td>110</td>
</tr>
<tr>
<td>Management assistant</td>
<td>395</td>
<td>351</td>
<td>392</td>
<td>1165</td>
</tr>
<tr>
<td>Marketing management</td>
<td>51</td>
<td>67</td>
<td>56</td>
<td>320</td>
</tr>
<tr>
<td>Public management</td>
<td>57</td>
<td>32</td>
<td>56</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1851</td>
<td>1045</td>
<td>1063</td>
<td>2884</td>
</tr>
</tbody>
</table>
## ACHIEVEMENT OF STRATEGIC OBJECTIVES

### COLLEGE ACHIEVEMENT IN TERMS OF STRATEGIC SYSTEM TARGETS:

<table>
<thead>
<tr>
<th>Strategic System Target</th>
<th>TVET College 2017/18 Achieved Target</th>
<th>TVET College 2018/19 Planned Target</th>
<th>TVET College 2018/19 Achieved Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualifying TVET students obtaining financial assistance (n)</td>
<td>5700</td>
<td>5700</td>
<td>7590</td>
</tr>
<tr>
<td>Compliance with national policy when conducting national examinations and assessments (%)</td>
<td>100%</td>
<td>100%</td>
<td>96.75%</td>
</tr>
<tr>
<td>Compliance to governance standards (%)</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Students enrolled in artisan-related or occupational programmes (n)</td>
<td>100</td>
<td>150</td>
<td>474</td>
</tr>
<tr>
<td>TVET students placed in workplaces/industry for workplace based learning (n)</td>
<td>0</td>
<td>2000</td>
<td>1905</td>
</tr>
<tr>
<td>TVET lecturers placed in workplaces for specified purpose (n)</td>
<td>0</td>
<td>75</td>
<td>30</td>
</tr>
<tr>
<td>TVET students enrolled in foundation or bridging programmes (n)</td>
<td>0</td>
<td>60</td>
<td>38</td>
</tr>
<tr>
<td>Success rate in foundation or bridging programmes (%)</td>
<td>0</td>
<td>100</td>
<td>95</td>
</tr>
<tr>
<td>Students accommodated in public TVET college owned or administered accommodation (n)</td>
<td>60</td>
<td>70</td>
<td>77</td>
</tr>
</tbody>
</table>
**STRATEGY TO DEAL WITH UNDERPERFORMANCE**

- Additional intervention strategies that were implemented in 2018 to improve academic performance are:
- Quarterly support visits by the Executive Management Teams to campuses and support class visits to lecturers by Campus Management to ensure optimal curriculum delivery
- Lecturers are in class on time doing what is expected of them. If a lecturer is not in class due to prearranged leave, activities will be developed and a classroom assistant will invigilate.
- Incentives to reward academic excellence based on both external and internal assessment results. Examples are the laptop and tablet initiative whereby the top performing level 4 student per campus receives a laptop and level 2 and level 3 top performers receive tablets. The top performing and most improved campuses are awarded trophies.
- The College has a fully functional Academic Board who meets quarterly to oversee the quality of teaching and learning
- The SRC play a pivotal role in reinforcing academic achievement through group study sessions and involvement of peer tutors and educators
- Road shows are conducted on study skills and examination techniques
- Targets are set for Workplace Based Experience (WBE) for students
- Lecturers are placed for Work Integrated Learning
- Structured revision programmes before each examination
- Intervention and/or catch-up classes will also be conducted on request
- Khuphula (web based support system) for lecturers and students
- Utilising e-books, smart boards, touch screen laptops and innovative software in the classroom
Gert Sibande TVET College Peer Educators
PART D: FINANCIAL INFORMATION
The Accounting Officer
Gert Sibande TVET College
PO Box 3475
Standerton
2430
31 May 2019

Reference: 61683REG18/19

Dear Madam,

Report of the Auditor-General on the financial statements and other legal and regulatory requirements of Gert Sibande TVET College for the year ended 31 December 2018

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa read in conjunction with section 188 of the Constitution of the Republic of South Africa.

2. You are required to include the audit report in the college’s annual report to be tabled.

3. Until the annual report is tabled the audit report is not a public document and should therefore be treated as confidential.

4. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
   - Submit the final printer’s proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
   - The signature Auditor-General in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa’s logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

5. Please notify the undersigned Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.

6. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.
Report of the auditor-general to the Minister of Higher Education and the Council on Gert Sibande TVET College

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Gert Sibande TVET College set out on pages ... to ..., which comprise statement of financial position as at 31 December 2018, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gert Sibande TVET College as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Continuing Education and Training Act of South Africa, 2006 (Act no. 16 of 2006) (CETA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the college in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Impairment of debtors

7. As disclosed in note 19 to the financial statements, material impairment of R13 196 947 was incurred as a result of impairment provision for doubtful debts.
Restatement of Corresponding figures

8. As disclosed in note 28 to the financial statements, the corresponding figures for 31 December 2017 were restated as a result of an error in the financial statements of the college at, and for the year ended, 31 December 2018.

Responsibilities of the council for the financial statements

9. The council is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the CETA, and for such internal control as the council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, the council is responsible for assessing the Gert Sibande TVET College’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the college or to cease operations, or has no realistic alternative but to do so.

Auditor-general’s responsibilities for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor’s report.

Performance information reporting

13. The college is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the PFMA and such reporting is also not required in terms of the CETA.

Report on the audit of compliance with legislation

Introduction and scope

14. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the college with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

15. The material findings on compliance with specific matters in key legislations are as follows:
Annual Financial Statements

16. The financial statements submitted for auditing were not prepared in accordance with generally recognized accounting practice, as required by section 25(1)(b) of the CET Act. Material misstatements of revenue, expenditure and current liabilities identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

17. The council is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor’s report.

18. My opinion on the financial statements and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

19. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

20. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report on this matter.

Internal control deficiencies

21. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

22. Management did not implement adequate monitoring controls over the preparation of the financial statements.

Auditor - General

Mbombela

31 May 2019
Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and on the college’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:

   • identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
   
   • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the college’s internal control
   
   • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council
   
   • conclude on the appropriateness of the council’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Gert Sibande TVET College’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a college to cease continuing as a going concern
   
   • evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the council that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
GERT SIBANDE TVET COLLEGE
Financial Statements for the year ended 31 December 2018

GENERAL INFORMATION

Controlling entity
Department of Higher Education and Training (DHET)

Financial Statements relate to
GERT SIBANDE TVET COLLEGE (Individual entity and not group)

Domicile, legal form and jurisdiction
The College is a Public Technical and Vocational Education and Training College, constituted in terms of the Continuing Education and Training Act No. 16 of 2006, as amended (CET Act), and operates within the Republic of South Africa.

Nature of business and principal activities
To provide continuing education and training to registered students for all learning and training programmes leading to qualifications or part qualifications at levels 1 to 4 of the National Qualifications Framework.

Councillors
1. Mr P Magagula [Chairperson] - Independent
2. Ms D Thwala - Independent
3. Mr L Tshabalala - Independent
4. Mr M Purchase - Independent
5. Mr M Luthuli - Independent
6. Dr A Beeka - Independent
7. Ms FB Mtshali - Independent
8. Mrs V Haremse - Independent
9. Mr M Loots - Independent
10. Mrs TPP Mange - College appointed

Principal
Mrs TPP Mange

Chief Financial Officer (CFO)
Mr Ebrahim Khan (Acting Head of Finance)

Registered office
18A Dr Beyers Naude Drive, Standerton, Mpumalanga

Business address
18A Dr Beyers Naude Drive, Standerton, Mpumalanga

Postal address
PO Box 3475, Standerton, Mpumalanga

Bankers
Standard Bank, ABSA, First National Bank

Auditors
Auditor General South Africa
These reports and statements comprise the annual financial statements presented for audit:

<table>
<thead>
<tr>
<th>Index</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council's Responsibilities and Approval</td>
<td>4</td>
</tr>
<tr>
<td>Report of the Auditor-General</td>
<td>5</td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>6</td>
</tr>
<tr>
<td>Statement of Financial Performance</td>
<td>7</td>
</tr>
<tr>
<td>Statement of Changes in Net Assets</td>
<td>8</td>
</tr>
<tr>
<td>Cash Flow Statement</td>
<td>9</td>
</tr>
<tr>
<td>Accounting Policies</td>
<td>10-38</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>39-60</td>
</tr>
</tbody>
</table>

**ABBREVIATIONS**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AG</td>
<td>Auditor General</td>
</tr>
<tr>
<td>ASB</td>
<td>Accounting Standards Board</td>
</tr>
<tr>
<td>DHET</td>
<td>Department of Higher Education and Training</td>
</tr>
<tr>
<td>GRAP</td>
<td>Generally Recognised Accounting Practice</td>
</tr>
<tr>
<td>SARS</td>
<td>South African Revenue Services</td>
</tr>
<tr>
<td>VAT</td>
<td>Value Added Tax</td>
</tr>
<tr>
<td>CET Act</td>
<td>CET Act No.16 of 2006, as amended</td>
</tr>
<tr>
<td>NSF</td>
<td>National Skills Fund</td>
</tr>
<tr>
<td>HRBP</td>
<td>DHET SAICA HR Support Project Human Resources Business Partner</td>
</tr>
<tr>
<td>ADPF</td>
<td>Acting Deputy Principal Finance</td>
</tr>
</tbody>
</table>
GERT SIBANDE TVET COLLEGE

Financial Statements for the year ended 31 December 2018

Council’s Responsibilities and Approval

The council is required by the Continuing Education and Training Act No. 16 of 2006, as amended, to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of council to ensure that the financial statements fairly present the state of affairs of the College as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with GRAP. The Auditor-General was engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records, related data and relevant parties.

The financial statements have been prepared in accordance with the Standards of GRAP including any interpretations, guidelines and directives issued by the ASB and in the manner required by the Minister of Higher Education and Training.

The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

Council acknowledges that it is ultimately responsible for the system of internal financial control established by the College and places considerable importance on maintaining a strong control environment, which includes the safeguarding of assets and compliance with relevant legislation. To enable the council to meet these responsibilities, the council sets standards for internal control aimed at reducing risk in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting and other procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the College and employees and management are required to maintain the highest ethical standards in ensuring the College’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the college is on identifying, assessing, managing and monitoring all known forms of risk across the college. While operating risk cannot be fully eliminated, the College endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The council accepts its responsibility to ensure that the College is managed in a responsible manner, considering the interest of all stakeholders, including the DHET, unions, employees, students, local communities and creditors. Responsible management entails, inter alia, compliance with applicable statutory and regulatory requirements, including risk management.

The council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements and that the financial statements are free from material misstatement, whether due to fraud or error. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The council has reviewed the College’s cash flow forecast for the year to 31 December 2019 and, in the light of this review and the current financial position, it is satisfied that the College has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The College is dependent on the DHET for continued funding of operations in line with the annual DHET programme funding allocation. The financial statements are prepared on the basis that the College is a going concern and that the DHET has neither the intention nor the need to liquidate or curtail materially the scale of the College's operations.

The Auditor-General is responsible for independently auditing and reporting on the College's financial statements and his report is presented with these financial statements.

The financial statements set out on page 6 to 9 were approved by the council on 31 March 2019 and were signed on its behalf by:

Mr BJ Mwale
Chairperson of the Council
31 March 2019
GERT SIBANDE TVET COLLEGE
Financial Statements for the year ended 31 December 2018
Auditor's Report
### GERT SIBANDE TVET COLLEGE

Statement of Financial Position as at 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 R</th>
<th>2017 R</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>179 524 240</td>
<td>93 512 381</td>
</tr>
<tr>
<td>Trade and other receivables from exchange transactions</td>
<td>129 643 381</td>
<td>19 145 655</td>
</tr>
<tr>
<td>Other receivables from non-exchange transactions, including transfers</td>
<td>7 101 348</td>
<td>16 240 057</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>40 214 385</td>
<td>56 897 310</td>
</tr>
<tr>
<td>Inventories</td>
<td>2 289 975</td>
<td>929 383</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>183 657 256</td>
<td>186 405 252</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>182 335 601</td>
<td>184 889 127</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1 321 655</td>
<td>1 516 126</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>363 181 496</td>
<td>279 917 633</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>63 267 306</td>
<td>33 467 511</td>
</tr>
<tr>
<td>Trade and other payables from exchange transactions</td>
<td>32 503 574</td>
<td>26 205 816</td>
</tr>
<tr>
<td>Trade and other payables from non-exchange transactions</td>
<td>30 763 732</td>
<td>7 261 695</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>63 267 306</td>
<td>33 467 511</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>299 914 189</td>
<td>246 450 123</td>
</tr>
<tr>
<td>Accumulated surplus/(deficit)</td>
<td>299 914 189</td>
<td>246 450 123</td>
</tr>
<tr>
<td><strong>Total net assets and liabilities</strong></td>
<td>363 181 495</td>
<td>279 917 633</td>
</tr>
</tbody>
</table>
GERT SIBANDE TVET COLLEGE
Statement of Financial Performance for the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from exchange transactions</td>
<td>145 037 912</td>
<td>114 968 041</td>
</tr>
<tr>
<td>Tuition and related fees</td>
<td>11</td>
<td>72 965 587</td>
</tr>
<tr>
<td>Sale of goods and rendering of services</td>
<td>12</td>
<td>66 730 707</td>
</tr>
<tr>
<td>Rental of facilities and equipment</td>
<td>13</td>
<td>978 704</td>
</tr>
<tr>
<td>Investment income</td>
<td>14</td>
<td>4 359 915</td>
</tr>
<tr>
<td>Other income</td>
<td>15</td>
<td>3 000</td>
</tr>
<tr>
<td>Revenue from non-exchange transactions</td>
<td>242 886 086</td>
<td>169 557 157</td>
</tr>
<tr>
<td>Government grants and subsidies</td>
<td>16</td>
<td>102 829 412</td>
</tr>
<tr>
<td>Services In-Kind (DHET Funding)</td>
<td>16</td>
<td>138 272 188</td>
</tr>
<tr>
<td>Public contributions and donations</td>
<td>17</td>
<td>24 820</td>
</tr>
<tr>
<td>Other income</td>
<td>15</td>
<td>1 759 667</td>
</tr>
<tr>
<td>Total revenue</td>
<td>387 923 999</td>
<td>284 525 198</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related costs and DHET management fee</td>
<td>18</td>
<td>(172 592 680)</td>
</tr>
<tr>
<td>Impairment of debtors</td>
<td>19</td>
<td>(13 196 947)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>20</td>
<td>(12 354 248)</td>
</tr>
<tr>
<td>Books and learning materials</td>
<td>21</td>
<td>(5 422 037)</td>
</tr>
<tr>
<td>Student support services</td>
<td>22</td>
<td>(6 126 054)</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>23</td>
<td>(10 315 012)</td>
</tr>
<tr>
<td>Operating lease expense</td>
<td>24</td>
<td>(6 028 647)</td>
</tr>
<tr>
<td>Travel, accommodation and entertainment</td>
<td>25</td>
<td>(7 098 469)</td>
</tr>
<tr>
<td>Security</td>
<td>26</td>
<td>(5 347 080)</td>
</tr>
<tr>
<td>Professional services</td>
<td>25</td>
<td>(406 967)</td>
</tr>
<tr>
<td>External audit fees</td>
<td>25</td>
<td>(2 848 027)</td>
</tr>
<tr>
<td>Municipal services</td>
<td>25</td>
<td>(8 681 107)</td>
</tr>
<tr>
<td>Marketing</td>
<td>25</td>
<td>(2 515 294)</td>
</tr>
<tr>
<td>Telephone, postage, internet, network and communication costs</td>
<td>25</td>
<td>(16 005 769)</td>
</tr>
<tr>
<td>Staff development and training</td>
<td>25</td>
<td>(2 245 235)</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td>25</td>
<td>(1 781 354)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>26</td>
<td>(61 495 007)</td>
</tr>
<tr>
<td>Total expenses</td>
<td>(334 459 932)</td>
<td>(327 962 879)</td>
</tr>
</tbody>
</table>

Surplus/(Deficit) for the year

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td></td>
<td>53 464 066</td>
<td>(43 437 681)</td>
</tr>
</tbody>
</table>
## Statement of Changes in Net Assets for the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>Accumulated Funds</th>
<th>Accumulated Surplus/(Deficit)</th>
<th>Total: Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Balance at 01 January 2017 as restated</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers to/from accumulated surplus/(deficit)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers to/from other reserves</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Surplus/(deficit) for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Correction of errors</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance at 01 January 2018 as restated</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Surplus / (deficit) for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance at 31 December 2018</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
## GERT SIBANDE TVET COLLEGE

### Cash Flow Statement for the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 R</th>
<th>2017 R</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Receipts</strong></td>
<td>275 473 445</td>
<td>141 768 948</td>
</tr>
<tr>
<td>Tuition and related fees</td>
<td>82 104 296</td>
<td>61 240 470</td>
</tr>
<tr>
<td>Sale of goods and rendering of services</td>
<td>67 712 411</td>
<td>38 195 808</td>
</tr>
<tr>
<td>Interest</td>
<td>4 359 915</td>
<td>3 515 211</td>
</tr>
<tr>
<td>Government grants and subsidies</td>
<td>102 829 412</td>
<td>39 333 474</td>
</tr>
<tr>
<td>Public contributions and donations</td>
<td>24 820</td>
<td>-</td>
</tr>
<tr>
<td>Other Receipts</td>
<td>18 442 592</td>
<td>(516 015)</td>
</tr>
<tr>
<td><strong>Payments</strong></td>
<td>(155 394 293)</td>
<td>(162 591 549)</td>
</tr>
<tr>
<td>Employee costs</td>
<td>(34 320 492)</td>
<td>(25 552 023)</td>
</tr>
<tr>
<td>Suppliers</td>
<td>(121 073 801)</td>
<td>(137 039 526)</td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td>27</td>
<td>120 079 153</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(20 822 601)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(9 606 252)</td>
<td>(19 802 379)</td>
</tr>
<tr>
<td>(Proceeds)/Loss from other financial assets</td>
<td>24 826</td>
<td>(83 097)</td>
</tr>
<tr>
<td><strong>Net cash flows from investing activities</strong></td>
<td>(9 581 426)</td>
<td>(19 885 476)</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>110 497 726</td>
<td>(40 708 076)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>3</td>
<td>19 145 655</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td></td>
<td>59 853 732</td>
</tr>
<tr>
<td></td>
<td></td>
<td>129 643 381</td>
</tr>
<tr>
<td></td>
<td></td>
<td>19 145 655</td>
</tr>
</tbody>
</table>
1.00 ACCOUNTING POLICIES

1.01 Presentation of Financial Statements and Basis of preparation

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and in the manner prescribed by the Minister of Higher Education and Training in terms of the Continuing Education and Training Act No. 16 of 2006, as amended.

These financial statements have been prepared using the accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless specified otherwise.

In the absence of an approved and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenue and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies are disclosed below.

1.02 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the College.

1.03 Going concern assumption

Management and council have made the assessment that the entity is a going concern and the financial statements have been prepared on a going concern basis.

1.04 Significant judgements and sources of estimation uncertainty

The use of judgement, estimates and assumptions is inherent to the process of preparing financial statements. These judgements, estimates and assumptions affect the amounts presented in the financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements:

Programme funding
In terms of the CET Act and the Funding Norms for TVET Colleges, the Colleges are funded (Programme Funding) based on their Full Time Equivalent (FTE) student numbers. Therefore, in terms of the CET Act and the Funding Norms, a College receives Programme Funding to enrol and train a certain number of students for the year and that Programme Funding accrues to the College in terms of the CET Act and the Funding Norms and the accrual is separate and independent from how the funds are distributed to the College. The full amount of allocated Programme Funding therefore has to be paid to the College by DHET, irrespective of how it is paid. DHET settles its liability for Programme Funding towards the College in part by paying the employment cost of the College employees employed by DHET, via Persal. The remaining liability towards the College is settled in cash.

The Funding norms that is currently applicable to TVET Colleges was Gazetted on 15 May 2015 and paragraph 117 contains provisions which may cause conditions as defined in GRAP 23 to exist under certain circumstances. These conditions would be applicable to the portion of the Programme Funding which is withheld to pay for employee cost of Persal employees deployed at the College. However, DHET has indicated that the intention of the Funding Norms is not to impose conditions which may be introduced by paragraph 117 and that the intention is that a College’s Programme Funding accrues to it in total. Therefore, any difference between the amount withheld for paying Persal salaries and the amount that is eventually used to pay for Persal salaries, is automatically payable to Colleges. DHET has aligned its systems to facilitate the payment of these amounts to Colleges.

Paragraph 103 of the Funding Norms provides for a claw back to be implemented if a College’s enrolment figures were less than what was planned for and funded in the previous year. The effect of this paragraph is that it introduces a condition as defined in GRAP 23, which is that a portion of the Programme Funding will have to be repaid if a College enrols less than 97% of the planned and funded enrolment target for the year. However, DHET has indicated that they do not currently have sufficient confidence in the correctness of the enrolment figures to be able to implement this claw back and that the Programme Funding Grant is therefore an unconditional grant at the moment.

The substance over form nature of the Programme Funding for a College is therefore that it accrues to the College, in full and without any conditions, in the financial year of the College during which the enrolment and training of students occur. The date on which it accrues is 1 January of the relevant year, or the date on which the final grant amount is communicated to the College, whichever is later. The full Programme Funding allocation to the College is therefore recognised as revenue in the College's financial year.

The transactions and amounts are disclosed in Note 16.

**DHET management fee**

The College’s staff consists of two groups:

i) Employees and management staff appointed on Persal

ii) Employees appointed on the College payroll
The management and other staff who are stationed at a College (College’s staff) and are paid through Persal are employed by DHET on DHET’s Persal payroll. Therefore in terms of labour legislation they are DHET employees and not College employees. However, these employees are stationed permanently and exclusively at the College and are also subject to the governance and management oversight of the Council of the College and the intention is for the College to operate with relative autonomy. The employees are therefore substantively under the operational control of the College, with DHET performing and supporting certain HR related functions, e.g. administering the payroll and appointment, performance management, termination and disciplinary processes.

In terms of the CET Act and the Funding Norms for TVET Colleges, the Colleges are funded (Programme Funding) based on their Full Time Equivalent (FTE) student numbers. Therefore, in terms of the CET Act and the Funding Norms, a College receives Programme Funding to enrol and train a certain number of students for the year and that Programme Funding accrues to the College in terms of the CET Act and the Funding Norms and the accrual is separate and independent from how the funds are distributed to the College. The full amount of allocated Programme Funding therefore has to be paid to the College by DHET, irrespective of how it is paid. DHET settles its liability for Programme Funding towards the College in part by paying the employment cost of the College employees employed by DHET, via Persal. The remaining liability towards the College is settled in cash.

What happens, in layman’s terms, is that DHET employs the College’s management and other staff for it, performs certain HR related functions for the College and uses the College’s funds to pay the salaries of the College staff in DHET’s employment.

There is therefore a College expense (outflow of College economic resources) which has to be accounted for by a College and the questions that remain are how that expense should be classified and measured.

With respect to the classification, the nature of the expense is clearly related to employee cost, but is not classified as employee cost, because the College is not the employer in terms of labour and related legislation. The expense is therefore classified as a DHET management fee expense in the hands of a College. On the face of the Statement of Financial Performance, it is aggregated with the College’s Employee cost expense and it is disclosed separately in the notes.

With respect to the measurement of the expense, DHET settles the liability for Programme Funding towards the College, by assuming an employee cost liability towards the College’s employees employed by DHET and paid via Persal. The cost or value of the expense for the College is therefore the same as the amount by which the liability that DHET owes to the College decreases as a result of DHET assuming the employee cost liability towards the College employees. This is inclusive of all short and long term employee benefits, e.g. leave and bonus accruals, capped leave and long service awards.

The transactions and amounts are disclosed in Note 18.
Both the DHET SAICA TVET HR and CFO Support Projects are funded by the National Skills Fund (NSF) and managed by SAICA for DHET. SAICA appoints and manages the Project teams in accordance with the Project Business Plans. In the HR Support Project, support is provided directly to DHET by the placement of Project team members at DHET to fulfil certain functions and HR Business Partners (HRBPs) are also allocated to Colleges, with each HRBP supporting more than one College. In the CFO Support Project, there is a Project management team which assists DHET to coordinate the financial management in the sector. For the CFO Support Project, SAICA has also seconded a team member to DHET and DHET has placed the Project Team member as Supporting DPF in the College.

SAICA supports DHET with these Projects on a cost recovery basis, as part of SAICA’s Nation Building initiative.

The services in kind received from these projects are judged not to be significant to the operations and service delivery objectives of the College. [and / or] As the services in kind are being provided on a cost recovery basis which is well below fair value and the College is not aware of similar services being provided in the open market, it is judged that the fair value of the services cannot be reliably measured.

The services in kind are therefore not recognised and the nature and type thereof is disclosed in note 33.

**Campuses or other property used and controlled, but not owned by the College**

Certain campuses and other property are used by the College and are not registered in the name of the College. The lack of legal ownership could affect whether or not the college has control over the campus. Where, inter alia, control exists, the campus in question is recognised, measured and included in the financial statements as either property, plant and equipment (campuses or other property) or investment property (other property) in terms of the definition and recognition criteria of an asset as per the Framework for the Preparation and Presentation of Financial Statements and the definition of Property, Plant and Equipment in GRAP 17 Property, Plant and Equipment or Investment Property in GRAP 16 Investment Property. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

a) it is probable that future economic benefits or service potential associated with the item will flow to the entity, and

(b) the cost or fair value of the item can be measured reliably.

**Classification of land and buildings as property, plant and equipment or investment property**
Judgement is needed to determine whether a property qualifies as investment property. The College developed the following criteria so that it can exercise that judgement consistently in accordance with the definition of investment property:
- The purpose for which the property is used i.e. if for education purposes then the property is not regarded as an investment property.
- If the property is held for the purpose of generating rental income or to appreciate in value, then the property is regarded as an investment property
- If other assets used in conjunction with the property to provide education, then the property is not regarded as an investment property
- Land held for a currently undetermined future use is regarded as investment property.

**Classification of non-current, non-financial assets as cash-generating or non-cash-generating**
Judgement is needed to determine whether an asset is cash-generating or non-cash-generating. The College developed the following criteria so that it can exercise that judgement consistently in accordance with the definitions:
- The purpose for which the asset was acquired. I.e. if for education purposes at no consideration (no fees) then the asset is regarded as non-cash-generating asset. If to earn positive cash flows on a commercial basis, then the asset is regarded as cash-generating.

**Estimates**
Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.
In the process of applying the College’s accounting policies the following estimates, were made:

**Debt impairment**
The College assesses its financial assets for impairment at the end of each financial year. In determining whether an impairment loss should be recorded in surplus or deficit, the College makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment is considered first for individually significant financial assets and then calculated on a portfolio basis for individually insignificant financial assets, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to items in the portfolio and scaled to the estimated loss emergence period.

Refer to the respective notes for the carrying amounts of financial assets impaired.

**Allowance for slow moving, damaged and obsolete inventory**
In making an allowance to write inventory down to the lower of cost or net realisable value, management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the surplus or deficit. For inventory consumed in the supply of services for no or nominal charge, management has made an estimate of the current replacement cost of such inventory and as appropriate have reduced the carrying amount accordingly.

Refer to Note 7 for the carrying amounts of inventories affected.

Non-financial asset Impairment

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset’s ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

Refer to the respective notes for the carrying amounts of non-financial assets impaired.

Provisions

Provisions are measured at the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

Refer to Note 19 for the provisions affected.

Useful lives and residual values of assets; depreciation and amortisation

The College’s management determines the estimated useful lives and residual values of all non-current, non-financial assets. These estimates are based on industry norms and then adjusted to be college specific. Management determines at reporting date whether there are any indications that the College’s expectations of useful lives or residual values have changed from previous estimates. Where indications exist the expected useful lives or residual values are revised accordingly.

Depreciation and amortisation recognised on property, plant and equipment, investment property and intangible assets respectively are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management’s estimation of the asset’s condition, expected condition at the end of the period of use, its current use, expected future use and the college’s expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets. Generally, depreciation is accrued over the useful lives of assets on a straight-line basis.

Refer to the respective notes for the carrying amounts of non-financial assets affected.
Fair value determination of properties (excluding heritage assets)
In determining the fair value of investment property (and / or property, plant and equipment ) donated or acquired for no consideration, the College applies a valuation methodology to determine the fair value of the properties based on any one of, or a combination of the following factors:
- The market related selling price of the property; or
- The market related rental that can be earned for the property; or
- The market related selling price of similar properties in the area; or
- The rentals currently or previously earned by the property.

Where the above information is not available or reliably determinable the College determines an approximation of fair-value by estimating the Depreciated Replacement Cost of the asset.

Refer to the respective notes for the carrying amounts of properties affected.

1.05 Property, plant and equipment
Property, plant and equipment include: Land & Buildings, Furniture & Equipment, Vehicles, Workshop Equipment, Library Books

Property, plant and equipment is initially measured at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item’s fair value was not determinable, it’s deemed cost is the carrying amount of the asset(s) given up.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the College is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.
Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight line basis over their estimated useful lives to their estimated residual value. Refer to Note 8 for the estimated useful lives.

At reporting date it is assessed whether there are any indications that the College's expectations of useful lives or residual values have changed from previous estimates. Where indications exist the expected useful lives or residual values are revised accordingly.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Deemed cost
When the College acquired an asset prior to the date of adopting the Standards of GRAP or in a transfer of functions between entities under common control or in a merger where the transferor or combining entity did not apply the Standards of GRAP on the transfer or merger date and when information about the historical cost are not available, the acquisition cost is measured using a surrogate value (deemed cost) at the date the college adopted the Standards of GRAP, or the transfer or merger date (the measurement date). Deemed cost is determined as the fair value of an asset at the measurement date.

Biological assets that do not form part of an agricultural activity
Where a biological asset does not form part of an agricultural activity, the biological asset is classified as part of property, plant and equipment and measured accordingly.

1.06 Intangible assets
Intangible assets include: Computer Software

Intangible assets are initially measured at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.
The College assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management’s best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date. For internally generated intangible assets, expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values. Refer to Note 9 for the estimated useful lives.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

Deemed cost
Notes to the Financial Statements for the year ended 31 December 2018

When the College acquired an asset prior the date of adopting the Standards of GRAP or in a transfer of functions between entities under common control or in a merger where the transferor or combining entity did not apply the Standards of GRAP on the transfer or merger date and when information about the historical cost are not available, the acquisition cost is measured using a surrogate value (deemed cost) at the date the college adopted the Standards of GRAP, or the transfer or merger date (the measurement date). Deemed cost is determined as the fair value of an asset at the measurement date.

### 1.07 Financial instruments

The College has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<table>
<thead>
<tr>
<th>Class</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; Other Receivables From Exchange Transaction</td>
<td>Financial asset at amortised cost</td>
</tr>
<tr>
<td>Other Receivables From non-Exchange Transactions</td>
<td>Financial asset at amortised cost</td>
</tr>
<tr>
<td>Other financial asset</td>
<td>Financial asset at fair value</td>
</tr>
</tbody>
</table>

The College has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

<table>
<thead>
<tr>
<th>Class</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade &amp; Other Payables From Exchange Transactions</td>
<td>Financial liability at amortised cost</td>
</tr>
</tbody>
</table>

The College recognises financial assets using trade date accounting.

The College measures a financial asset and financial liability initially at its fair value plus transaction costs (for financial instruments at amortised cost) that are directly attributable to the acquisition or issue of the financial instrument.

The College first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the college analyses a concessionary loan into its component parts and accounts for each component separately. The College accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

The College measures all financial instruments after initial recognition as follows:

- Financial instruments at fair value: Fair-value at reporting date
- Financial instruments at amortised cost: Amortised cost using the effective interest rate method, less any impairment losses.
- Financial instruments at cost. Cost, less any impairment losses.
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Notes to the Financial Statements for the year ended 31 December 2018

Where the College cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the College reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the College reclassifies the instrument from cost to fair value.

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectability of financial assets
The College assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:
If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account (debt impairment provision). The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:
If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition
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Financial assets
The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the College transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the College adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the college obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the college recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the College has retained substantially all the risks and rewards of ownership of the transferred asset, the College continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the college recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities
The College removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.
An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another college by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation
A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the College currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the College does not offset the transferred asset and the associated liability.

1.08 Statutory receivables
Funding receivable from DHET arise from non-contracted arrangements as the basis for DHET funding is found in the Continuing Education and Training Act (CET Act) and the The National Norms and Standards for Funding Technical and Vocational Education and Training Colleges. Cash receivable from DHET as part of programme funding is regarded as a "statutory receivable".

The statutory receivable is initially measured at the transaction amount and subsequently measured using the cost-method, which changes the initial measurement to reflect any impairment or amounts derecognised. An explanation on when the DHET programme funding and any related receivables or payables are recorded is provided in note 1.05 and 1.21.

The statutory receivable is included in Other receivables from non-exchange transactions. Refer to note 5.

1.09 Leases
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and building elements, the College assesses the classification of each element separately.

Finance leases - lessee
Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

**Operating leases - lessor**
Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

**Operating leases - lessee**
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.
Certain operating lease contracts are charged based on usage and or consumption, resulting in differing monthly lease expense charges between different months. As a result of this Management adopted a system of recognising these particular operating lease expenses on an Invoice basis and not on a straight-line basis.

**1.10 Inventories**
Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories held for commercial purposes are measured at the lower of cost and net realisable value.
Inventories are measured at the lower of cost and current replacement cost where they are held for:
- distribution through a non-exchange transaction; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

The cost of inventories is assigned using the first-in, first-out cost formula. The same cost formula is used for all inventories having a similar nature and use to the College.

**Recognition as an expense**

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**1.11 Cash and cash equivalents**

Cash and cash equivalents consist of the following:
- i) cash;
- ii) cash in current bank accounts;
- iii) cash in interest bearing bank accounts or money market accounts where the funds are available immediately; and
- iv) fixed term deposits used to deposit funds until it is needed for the operations of the College, where the maturity date does not exceed three months from the reporting date. Longer term fixed deposits are classified as other financial assets.

**1.12 Impairment of cash-generating assets**

Cash-generating assets are those assets managed by the College with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated college, it generates a commercial return.

**Identification**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The College assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the College estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the College also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.
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Notes to the Financial Statements for the year ended 31 December 2018

Value in use
Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the College estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the College applies the appropriate discount rate to those future cash flows.

The discount rate is a rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the College recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the College determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset’s cash-generating unit).

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the College does not reduce the carrying amount of an asset below the highest of:
- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero
The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

The College assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the College estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.13 Impairment of non-cash-generating assets
Non-cash-generating assets are assets other than cash-generating assets. Refer to note 1.05 for criteria developed to distinguish non cash-generating assets from cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset’s future economic benefits or service potential through depreciation (amortisation).

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

The College assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the College estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the College also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use
Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach
The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset’s gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
The replacement cost and reproduction cost of an asset is determined on an “optimised” basis. The rationale is that the College would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

**Restoration cost approach**
Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

**Service units approach**
The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

**Recognition and measurement**
When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the College recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

**Reversal of an impairment loss**
The College assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the College estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.
A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

**Redesignation**

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.14 Employee benefits

When an employee has rendered service to the College during a reporting period, the College recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the College recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The College measures the expected cost of accumulating compensated absences as the additional amount that the College expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The College recognises the expected cost of bonus, incentive and performance related payments when the College has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the College has no realistic alternative but to make the payments.

When an employee has rendered service to the College during a reporting period, the College recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the College recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; &
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.
Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

The College recognises termination benefits as a liability and an expense when the college is demonstrably committed to either:

i) terminate the employment of an employee or group of employees before the normal retirement date; or

ii) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The College is demonstrably committed to a termination when the college has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

i) the location, function, and approximate number of employees whose services are to be terminated;

ii) the termination benefits for each job classification or function; and

iii) the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

**Other long-term employee benefits**

Other long-term employee benefits includes:

- long-term compensated absences such as long service or sabbatical leave;
- other long service benefits;
- long-term disability benefits;
- bonus, incentive and performance related payments payable twelve months or more after the end of the reporting period in which the employees render the related service;
- deferred compensation paid twelve months or more after the end of the reporting period in which it is earned; and
- compensation payable by the College until an individual enters new employment.

The amount recognised as a liability for other long-term employee benefits the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date
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- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly

The expected costs of these benefits are accrued over the period of employment using the above accounting methodology. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to surplus or deficit in the period in which they arise. These obligations are valued annually by independent qualified actuaries using the projected unit credit method.

For other long-term employee benefits, the College recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements

DHET management fee
The remuneration of management and other personnel appointed by DHET on Persal and paid through Persal using the College's funds is measured at the cost of the remuneration to DHET inclusive of leave, bonus and other employee related accruals and/or provisions, as and when incurred by DHET. The related expense is recognised as a DHET management fee expense as per note 18.

1.15 Provisions and contingencies
The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the College settles the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.
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Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If the College has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when the College has a detailed formal plan for the restructuring, identifying at least:
- the activity/operating unit or part of a activity/operating unit concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for services being terminated;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the College

No obligation arises as a consequence of the sale or transfer of an operation until the College is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in College combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies if recognised would be disclosed in subsequent notes.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.
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Notes to the Financial Statements for the year ended 31 December 2018

Where a fee is received by the College for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the College considers that an outflow of economic resources is probable, the College recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.16 Revenue from exchange transactions
Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods
Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the College has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the College retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the College; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services
When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the College;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.
Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

**Interest, royalties, dividends and tuition fees**
Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the College’s right to receive payment has been established.

Tuition fees are recognised over the period of instruction.

**1.17 Revenue from non-exchange transactions**
When the College receives an asset or a service as part of a non-exchange transaction and the definition and recognition criteria of an asset is met, the College recognises the asset and initially measures it at its fair value as at the date of acquisition.

When there are conditions on transferred assets or services received by the College which result therein that the college has a present obligation on initial recognition, which meets the definition and recognition criteria of a liability, the College recognises a corresponding liability, initially measured as the best estimate of the amount required to settle the present obligation at the reporting date.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the College satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the College.

When, as a result of a non-exchange transaction, the College recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

**Programme funding**
The full programme funding allocated to the College in terms of the CET Act, the Funding Norms and the final grant letter received from the department is recognised in full in the College' financial year during which the enrolment and training of students, to which the grant pertains, are performed by the College. It is measured at the total amount allocated to the College by DHET, inclusive of both the the part paid in cash and the part paid via Persal as per note 16.

**Transfers**
Apart from Services in kind, which are only recognised as indicated below, the College recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The College recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

**Debt forgiveness and assumption of liabilities**
The College recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

**Services in-kind**
The College recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the College’s operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the nature and type of services in-kind received during the reporting period is disclosed.

When the criteria for recognition are satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition.

**Concessionary loans received**
A concessionary loan is a loan granted to or received by a party on terms that are not market related. The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.
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Notes to the Financial Statements for the year ended 31 December 2018

1.18 Borrowing costs
Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures
When the presentation or classification of items in the financial statements is amended due to better presentation and/or better understandability and/or comparability and/or due to the implementation of a new or amended standard, prior period comparative amounts are reclassified. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.20 Unauthorised expenditure
Unauthorised expenditure means the overspending of an approved budget without the necessary approvals per the delegated limits, or expenditure incurred not in accordance with the purpose of a cost centre.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

If expenditure is classified as satisfying the criteria for 2 or more of the following: Unauthorised, irregular or fruitless and wasteful, it is only reported under one of the headings in the following descending order: Unauthorised expenditure; Irregular expenditure and then Fruitless and wasteful expenditure.

1.21 Fruitless and wasteful expenditure
Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised, by the employees requesting and finally approving the expenditure.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

If expenditure is classified as satisfying the criteria for 2 or more of the following: Unauthorised, irregular or fruitless and wasteful, it is only reported under one of the headings in the following descending order: Unauthorised expenditure; Irregular expenditure and then Fruitless and wasteful expenditure.

1.22 Irregular expenditure
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Notes to the Financial Statements for the year ended 31 December 2018

Irregular expenditure is expenditure that is contrary to the CET Act or any applicable legislation, or any regulations made in terms of the CET Act, or is in contravention of the College's Supply Chain Management Policy, or any other College policy. Irregular expenditure excludes unauthorized expenditure. Irregular expenditure is accounted for as an expense, classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

If expenditure is classified as satisfying the criteria for 2 or more of the following: Unauthorised, irregular or fruitless and wasteful, it is only reported under one of the headings in the following descending order: Unauthorised expenditure; Irregular expenditure and then Fruitless and wasteful expenditure.

1.23 Related parties
A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Significant influence may be exercised in several ways, usually by representation on the governing body but also, for example, by participation in the policy-making process, material transactions between entities within an economic entity, interchange of managerial personnel or dependence on technical information.

Significant influence may be gained by an ownership interest, statute or agreement or otherwise. With regard to an ownership interest, significant influence is presumed in accordance with the definition contained in the Standard of GRAP on Investments in Associates.

Management are those persons responsible for planning, directing and controlling the activities of the College, including those charged with the governance of the college in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the College.

1.24 Commitments
The College discloses commitments relating to class of capital assets namely PPE recognized in the financial statements.
1.25 Events after the reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Reporting date means the date of the last day of the reporting period to which the financial statements relate. The reporting date of the College is 31 December 2017.

The College adjusts the amounts recognised in its financial statements to reflect adjusting events after the reporting date. The College does not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.
Notes to the Financial Statements for the year ended 31 December 2018

2 Standards, amendments to Standards, Directives and Interpretations issued but not yet effective

The following Standards of GRAP and / or amendments thereto have been approved by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The College has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

<table>
<thead>
<tr>
<th>Title of the standard and nature of impending changes in accounting policy and expected impact</th>
<th>Effective date</th>
<th>Financial year in which the College plans to apply the Standard initially</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Conceptual Framework for General Purpose Financial Reporting: None</td>
<td>June 2017</td>
<td>December 2018</td>
</tr>
<tr>
<td>IGRAP 18 Interpretation of the Standard of GRAP on Recognition and Derecognition of Land: None</td>
<td>01 April 2019</td>
<td>31 December 2020</td>
</tr>
<tr>
<td>IGRAP 19 Liabilities to Pay Levies: None</td>
<td>01 April 2019</td>
<td>31 December 2020</td>
</tr>
<tr>
<td>Directive 12 The Selection of an Appropriate Reporting Framework by Public Entities: None</td>
<td>01 April 2018</td>
<td>31 December 2019</td>
</tr>
<tr>
<td>Guideline on Accounting for Arrangements Undertaken i.t.o. the National Housing Programme: None</td>
<td>March 2017</td>
<td>31 December 2018</td>
</tr>
</tbody>
</table>

3 Cash and cash equivalents

Cash and cash equivalents consist of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
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<td>Cash at bank</td>
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<tr>
<td>Call investments</td>
<td>23,313,616</td>
<td>14,736,942</td>
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<td><strong>Total</strong></td>
<td><strong>129,643,381</strong></td>
<td><strong>19,145,655</strong></td>
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The College has the following bank accounts:

**ABSA**

Branch Name: Standerton & Account Number : 4055936513

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<tr>
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<tr>
<td>Cash book balance at beginning of year</td>
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<td>2,543,906</td>
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<tr>
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<td>2,908,622</td>
<td>1,580,102</td>
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<td>1,580,102</td>
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**ABSA**

Branch Name: Standerton & Account Number : 9296834058

<table>
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<tr>
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<tr>
<td>Cash book balance at beginning of year</td>
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<td>3,226,735</td>
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<tr>
<td>Cash book balance at end of year</td>
<td>5,421,370</td>
<td>479,600</td>
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<tr>
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<td>479,600</td>
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<td>5,421,370</td>
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**ABSA**

Branch Name: Standerton & Account Number : 4085181508

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<tr>
<td>Cash book balance at beginning of year</td>
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<td>914,679</td>
</tr>
<tr>
<td>Cash book balance at end of year</td>
<td>2,823,445</td>
<td>702,565</td>
</tr>
<tr>
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<td>702,565</td>
<td>914,679</td>
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<tr>
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<td>2,823,445</td>
<td>702,565</td>
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**ABSA**

Branch Name: Standerton & Account Number : 870830025

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<td>101,000</td>
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<tr>
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<td>87,095</td>
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<td>Bank statement balance at beginning of year</td>
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<td>101,000</td>
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<tr>
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**ABSA**

Branch Name: Standerton & Account Number : 4052503280

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<td>Cash book balance at beginning of year</td>
<td>99,246</td>
<td>108,938</td>
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<tr>
<td>Cash book balance at end of year</td>
<td>82,762</td>
<td>99,246</td>
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<tr>
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<td>99,246</td>
<td>108,938</td>
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<tr>
<td>Bank statement balance at end of year</td>
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<td>99,246</td>
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**ABSA**

Branch Name: Standeton & Account Number : 4064943840

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<td>96,773</td>
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## Notes to the Financial Statements for the year ended 31 December 2018

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<th>Note</th>
<th>2018</th>
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<td>Bank statement balance at end of year</td>
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<td>R 97 578</td>
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<td>R 121 925</td>
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<tr>
<td>Bank statement balance at end of year</td>
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<td>R 94 167</td>
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</tr>
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<td>Bank statement balance at end of year</td>
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<td>R 848 594</td>
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**GERT SIBANDE TVET COLLEGE**

Notes to the Financial Statements for the year ended 31 December 2018

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<tr>
<th>Account</th>
<th>2018 Note</th>
<th>2017 Note</th>
<th>2018 Balance</th>
<th>2017 Balance</th>
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<tr>
<td><strong>STANDARD BANK FIXED DEPOSIT</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Branch Name: Standerton &amp; Account Number : 418783594068</td>
<td></td>
<td></td>
<td>-</td>
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<tr>
<td>Cash book balance at beginning of year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash book balance at end of year</td>
<td>7 758 567</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank statement balance at beginning of year</td>
<td>-</td>
<td>-</td>
<td>7 758 567</td>
<td>-</td>
</tr>
<tr>
<td>Bank statement balance at end of year</td>
<td>-</td>
<td>-</td>
<td>7 758 567</td>
<td>-</td>
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<tr>
<td><strong>SAGE PAY CLEARING ACCOUNT</strong></td>
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</tr>
<tr>
<td>Branch Name: FNB Virtual &amp; Account Number : 51335951345</td>
<td></td>
<td></td>
<td>6 902</td>
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</tr>
<tr>
<td>Cash book balance at beginning of year</td>
<td>6 902</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Cash book balance at end of year</td>
<td>53 969</td>
<td>6 902</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank statement balance at beginning of year</td>
<td>53 969</td>
<td>6 902</td>
<td>-</td>
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</tr>
<tr>
<td>Bank statement balance at end of year</td>
<td>53 969</td>
<td>6 902</td>
<td>-</td>
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</tr>
<tr>
<td>Cash on hand</td>
<td>10 886</td>
<td>9 382</td>
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<tr>
<td>Total cash and cash equivalents</td>
<td>129 643 381</td>
<td>19 145 655</td>
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</tr>
</tbody>
</table>
### 4 Trade and other receivables from exchange transactions

<table>
<thead>
<tr>
<th></th>
<th>Gross Balances</th>
<th>Provision for impairment of debts</th>
<th>Net Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>31 December 2018</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student debtors</td>
<td>43 096 863</td>
<td>(43 096 863)</td>
<td>-</td>
</tr>
<tr>
<td>Creditors With Debit Balances</td>
<td>473 158</td>
<td>-</td>
<td>473 158</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>1 839 828</td>
<td>-</td>
<td>1 839 828</td>
</tr>
<tr>
<td>NSFAS Income</td>
<td>332 797</td>
<td>-</td>
<td>332 797</td>
</tr>
<tr>
<td>Project Debtors</td>
<td>8 387 176</td>
<td>-</td>
<td>8 387 176</td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td>3 764 490</td>
<td>-</td>
<td>3 764 490</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>327 968</td>
<td>-</td>
<td>327 968</td>
</tr>
<tr>
<td>Less: Provision for debt impairment</td>
<td>-</td>
<td>(8 024 069)</td>
<td>(8 024 069)</td>
</tr>
<tr>
<td><strong>Total trade and other receivables</strong></td>
<td>58 222 279</td>
<td>(51 120 931)</td>
<td><strong>7 101 348</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Gross Balances</th>
<th>Provision for impairment of debts</th>
<th>Net Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td><strong>31 December 2017</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student debtors</td>
<td>34 520 846</td>
<td>(34 520 846)</td>
<td>0</td>
</tr>
<tr>
<td>Creditors With Debit Balances</td>
<td>302 637</td>
<td>-</td>
<td>302 637</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>1 269 610</td>
<td>-</td>
<td>1 269 610</td>
</tr>
<tr>
<td>NSFAS Income</td>
<td>8 334 793</td>
<td>-</td>
<td>8 334 793</td>
</tr>
<tr>
<td>Project Debtors</td>
<td>7 416 075</td>
<td>-</td>
<td>7 416 075</td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td>2 819 525</td>
<td>-</td>
<td>2 819 525</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>92 485</td>
<td>-</td>
<td>92 485</td>
</tr>
<tr>
<td>Less: Provision for debt impairment</td>
<td>-</td>
<td>(3 995 069)</td>
<td>(3 995 069)</td>
</tr>
<tr>
<td><strong>Total trade and other receivables</strong></td>
<td>54 755 972</td>
<td>(38 515 915)</td>
<td><strong>16 240 057</strong></td>
</tr>
</tbody>
</table>

#### Notes

**Students: Ageing**
- Current (0 – 30 days): (986 348) (3 228 269)
- 31 - 60 Days: (12 039 699) 602 864
- 61 - 90 Days: 1 409 006 (1 615 890)
- 91 - 120 Days: 8 294 228 36 454 681
- **Total**: 43 096 863 34 520 846

**Other receivables: Ageing**
- Current (0 – 30 days): 3 334 240 10 048 375
- 31 - 60 Days: 2 951 567 1 691 529
- 61 - 90 Days: 95 681 1 665 589
- 91 - 120 Days: (5 300) 1 691 800
- 121 + Days: 8 749 228 5 135 209
- **Total**: 15 125 417 20 235 125

### Reconciliation of the provision for student debt impairment
- Balance at beginning of the year: 34 520 846 13 391 414
- Contributions to Impairment: 8 576 016 21 129 432
- **Balance at end of year**: 43 096 863 34 520 846

### Reconciliation of the provision for business debt impairment
- Balance at beginning of the year: 3 995 069 7 405 099
- Contributions to Impairment: 4 029 000 (3 410 030)
- **Balance at end of year**: 8 024 069 3 995 069

### 5 Other receivables from non-exchange transactions, including transfers

- **Statutory receivable: Government grants and subsidies (Refer also note 16)**
  - 33 815 370 49 572 764
- **Grants & Subsidies (NSFAS Bursary, Private Funded Bursaries)**
  - 6 399 015 7 324 546
- **Total other debtors**: 40 214 385 56 897 310

### Terms and conditions of other receivables
- **Statutory receivable: Government grants and subsidies**
  - Includes PERSAL Salaries for Jan-March 2019, at March 2019
  - Unspent funds to be claimed by TVET.
- **Grants & Subsidies (NSFAS Bursary, Private Funded Bursaries)**
  - Net effect of Bursary receivable and payables, unallocated bursaries to be returned to funders upon reconciliation, funds committed by funders to be followed-up and recovered
### 6 Other financial assets

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanlam Shares</td>
<td>275 150</td>
<td>299 976</td>
</tr>
<tr>
<td>Total</td>
<td>275 150</td>
<td>299 976</td>
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</table>

Terms and conditions
Dependent on Market Related Share Price

### 7 Inventories

<table>
<thead>
<tr>
<th>Carrying value of Inventory</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workshop &amp; Isat Material</td>
<td>2 289 975</td>
<td>929 383</td>
</tr>
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</table>
### 8 Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost R</td>
<td>R</td>
</tr>
<tr>
<td>Land</td>
<td>50 125 459</td>
<td>-</td>
</tr>
<tr>
<td>Buildings</td>
<td>94 056 601</td>
<td>(20 860 279)</td>
</tr>
<tr>
<td>Vehicles</td>
<td>13 727 868</td>
<td>(4 417 745)</td>
</tr>
<tr>
<td>Furniture and Fittings</td>
<td>24 095 215</td>
<td>(9 660 224)</td>
</tr>
<tr>
<td>Plant, Machinery and Equipment</td>
<td>37 587 428</td>
<td>(19 642 290)</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>33 891 036</td>
<td>(16 651 453)</td>
</tr>
<tr>
<td>Library books</td>
<td>164 580</td>
<td>(137 146)</td>
</tr>
<tr>
<td>Biological assets that do not form part of an agricultural activity</td>
<td>56 550</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>253 704 738</td>
<td>(71 369 137)</td>
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</table>

#### Reconciliation of Property Plant and Equipment - 2018

<table>
<thead>
<tr>
<th>Carrying Value</th>
<th>Additions</th>
<th>Acquisitions through entity combinations</th>
<th>Disposals</th>
<th>Depreciation</th>
<th>Transfers</th>
<th>Impairment loss</th>
<th>Impairment reversal</th>
<th>Other movements</th>
<th>Carrying Value Closing Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Land</td>
<td>50 125 459</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>50 125 459</td>
</tr>
<tr>
<td>Buildings</td>
<td>77 492 226</td>
<td>550 394</td>
<td>(4 846 298)</td>
<td>(22 330)</td>
<td>9 310 124</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Vehicles</td>
<td>7 937 832</td>
<td>2 731 645</td>
<td>(1 337 123)</td>
<td>17 945 138</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and Fittings</td>
<td>14 509 126</td>
<td>1 908 702</td>
<td>(1 982 837)</td>
<td>14 434 991</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant, Machinery and Equipment</td>
<td>37 587 428</td>
<td>1 991 874</td>
<td>(1 928 174)</td>
<td>17 945 138</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>33 891 036</td>
<td>2 767 088</td>
<td>(2 210 488)</td>
<td>17 945 138</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library books</td>
<td>164 580</td>
<td>(137 146)</td>
<td>27 434</td>
<td>164 580</td>
<td>(82 288)</td>
<td>82 292</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Biological assets that do not form part of an agricultural activity</td>
<td>56 550</td>
<td>-</td>
<td>56 550</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total</strong></td>
<td>184 889 127</td>
<td>6 066 252</td>
<td>(12 159 777)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>182 335 601</td>
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<td>Note to the Financial Statements for the year ended 31 December 2018</td>
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<td>---------------------------------------------------------------</td>
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</table>

**Reconciliation of Property Plant and Equipment - 2017**

<table>
<thead>
<tr>
<th>Carrying Value</th>
<th>2018</th>
<th>2017</th>
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<tbody>
<tr>
<td>Opening Balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>50 125 459</td>
<td></td>
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<tr>
<td>Buildings</td>
<td>73 764 051</td>
<td>50 125 459</td>
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<td>Vehicles</td>
<td>7 040 139</td>
<td>77 492 226</td>
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<tr>
<td>Furniture and Fittings</td>
<td>11 280 263</td>
<td>20 467 025</td>
</tr>
<tr>
<td>Plant, Machinery and Equipment</td>
<td>20 467 025</td>
<td>16 648 768</td>
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<tr>
<td>Computer Equipment</td>
<td>16 648 768</td>
<td>137 150</td>
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<tr>
<td>Library books</td>
<td>137 150</td>
<td>82 292</td>
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<tr>
<td>Biological assets that do not form part of an agricultural activity</td>
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<td></td>
</tr>
<tr>
<td>Total</td>
<td>179 462 854</td>
<td>184 889 127</td>
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</table>

### Estimated useful lives

The annual depreciation rates are based on the following estimated asset useful lives:

<table>
<thead>
<tr>
<th>Class</th>
<th>Useful Life Range in Years</th>
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<tbody>
<tr>
<td>Land</td>
<td>Indefinite Life</td>
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<tr>
<td>Buildings</td>
<td>20</td>
</tr>
<tr>
<td>Vehicles</td>
<td>15</td>
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<tr>
<td>Furniture and Fittings</td>
<td>12</td>
</tr>
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<td>Plant, Machinery and Equipment</td>
<td>15</td>
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<td>Computer Equipment</td>
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</tr>
<tr>
<td>Library books</td>
<td>3</td>
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<tr>
<td>Biological assets that do not form part of an agricultural activity</td>
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</table>
9 Intangible assets

<table>
<thead>
<tr>
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<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
<td>R</td>
</tr>
<tr>
<td>Cost</td>
<td>1 944 707</td>
<td>(623 052)</td>
</tr>
<tr>
<td>Accumulated Amortisation and Impairment</td>
<td>1 321 655</td>
<td></td>
</tr>
<tr>
<td>Computer Software</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1 944 707</td>
<td>(623 052)</td>
</tr>
<tr>
<td>Reconciliation of Intangible Assets - 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Balance</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Amortisation</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Impairment loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment reversal</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Internally Developed</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other movements</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Carrying Value</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>1 321 655</td>
<td></td>
</tr>
</tbody>
</table>

Reconciliation of Intangible Assets - 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
<td>R</td>
</tr>
<tr>
<td>Cost</td>
<td>1 746 658</td>
<td>(230 533)</td>
</tr>
<tr>
<td>Accumulated Amortisation and Impairment</td>
<td>1 516 126</td>
<td></td>
</tr>
<tr>
<td>Computer Software</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1 746 658</td>
<td>(230 533)</td>
</tr>
<tr>
<td>Reconciliation of Intangible Assets - 2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Balance</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Amortisation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment reversal</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Internally Developed</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other movements</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Carrying Value</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>1 516 126</td>
<td></td>
</tr>
</tbody>
</table>

Estimated useful lives

The annual amortisation rates are based on the following estimated average asset lives:

<table>
<thead>
<tr>
<th>Class</th>
<th>Useful Life Range in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Software</td>
<td>10</td>
</tr>
</tbody>
</table>
### GERT SIBANDE TVET COLLEGE

**Notes to the Financial Statements for the year ended 31 December 2018**

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Trade and other payables</td>
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</tr>
<tr>
<td></td>
<td>From Exchange Transactions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trade creditors</td>
<td>299 780</td>
</tr>
<tr>
<td></td>
<td>Accrued Expense</td>
<td>2 990 342</td>
</tr>
<tr>
<td></td>
<td>Payments received in advance</td>
<td>3 829 883</td>
</tr>
<tr>
<td></td>
<td>Student Debtors with Credit Balances</td>
<td>25 383 570</td>
</tr>
<tr>
<td></td>
<td>Total trade and other payables from exchange transactions</td>
<td>32 503 574</td>
</tr>
<tr>
<td></td>
<td>From Non-Exchange Transactions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CIC Centres - Gert Sibande Region</td>
<td>7 037 550</td>
</tr>
<tr>
<td></td>
<td>DHET TVET - Infrastructure Project</td>
<td>21 691 617</td>
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<tr>
<td></td>
<td>Payroll Liability, PAYE, UIF, ELRC etc</td>
<td>1 925 301</td>
</tr>
<tr>
<td></td>
<td>Unknown Deposits</td>
<td>109 264</td>
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<tr>
<td></td>
<td>Total trade and other payables from non-exchange transactions</td>
<td>30 763 732</td>
</tr>
<tr>
<td>11</td>
<td>Tuition and related fees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tuition fees paid directly by students or private bursaries</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tuition fees - students (Report 191)</td>
<td>15 064 247</td>
</tr>
<tr>
<td></td>
<td>Tuition fees - students (NCV)</td>
<td>56 930 475</td>
</tr>
<tr>
<td></td>
<td>Exam Fees</td>
<td>970 865</td>
</tr>
<tr>
<td></td>
<td>Total tuition and related fees</td>
<td>72 965 587</td>
</tr>
<tr>
<td>12</td>
<td>Sale of goods and rendering of services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sale of goods</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Book sales</td>
<td>101 729</td>
</tr>
<tr>
<td></td>
<td>Rendering of services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project Income (SETAs, CLC Centres, Skills Programmes)</td>
<td>65 266 086</td>
</tr>
<tr>
<td></td>
<td>Photocopies, Workshops Held &amp; Corporate Training</td>
<td>1 263 094</td>
</tr>
<tr>
<td></td>
<td>Municipal Services</td>
<td>99 799</td>
</tr>
<tr>
<td></td>
<td>Total sale of goods and rendering of services</td>
<td>66 730 707</td>
</tr>
<tr>
<td>13</td>
<td>Rental of facilities and equipment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rental of facilities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Straight-lined operating lease income</td>
<td>978 704</td>
</tr>
<tr>
<td></td>
<td>Total rentals</td>
<td>978 704</td>
</tr>
<tr>
<td>14</td>
<td>Investment income</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Interest - Bank</td>
<td>697 797</td>
</tr>
<tr>
<td></td>
<td>Interest - Term Deposits</td>
<td>3 686 943</td>
</tr>
<tr>
<td></td>
<td>Fair Value Adjustment - SANLAM Shares</td>
<td>(24 826)</td>
</tr>
<tr>
<td></td>
<td>Total interest income</td>
<td>4 359 915</td>
</tr>
<tr>
<td></td>
<td>Total investment income</td>
<td>4 359 915</td>
</tr>
</tbody>
</table>
GERT SIBANDE TVET COLLEGE
Notes to the Financial Statements for the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

15 Other income

From exchange transactions
Sundry income                   -                - 328 978
Bad Debts Recovered            3 000            177
Tender Fees                   -                21 300
3 000                          350 455

From non-exchange transactions
Insurance Payouts              261 667          158 683
DHET Skills Development        1 498 000         771 000
1 759 667                     929 683

16 Government grants and subsidies

Reconciliation of Movement - 2018

<table>
<thead>
<tr>
<th></th>
<th>Balance unspent at beginning of year</th>
<th>Current year receipts</th>
<th>Conditions met - transferred to revenue</th>
<th>Conditions still to be met - remain liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Services in-kind: PERSAL Funding</td>
<td>138 272 188</td>
<td>(138 272 188)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Earmarked recurrent funding</td>
<td>85 084 412</td>
<td>(85 084 412)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Government Grants and Subsidies</td>
<td>17 745 000</td>
<td>(17 745 000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Government Grant and Subsidies</td>
<td>-</td>
<td>241 101 600</td>
<td>(241 101 600)</td>
<td>-</td>
</tr>
</tbody>
</table>

Reconciliation of Movement - 2017

<table>
<thead>
<tr>
<th></th>
<th>Balance unspent at beginning of year</th>
<th>Current year receipts</th>
<th>Conditions met - transferred to revenue</th>
<th>Conditions still to be met - remain liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Services in-kind: PERSAL Funding</td>
<td>129 294 000</td>
<td>(129 294 000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Earmarked recurrent funding</td>
<td>34 434 474</td>
<td>(34 434 474)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Government Grants and Subsidies</td>
<td>4 899 000</td>
<td>(4 899 000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Government Grant and Subsidies</td>
<td>-</td>
<td>168 627 474</td>
<td>(168 627 474)</td>
<td>-</td>
</tr>
</tbody>
</table>

January to March 2019 Salaries to be paid by DHET on behalf of the college

17 Public contributions and donations

Goods received in kind                    -                -
Donations                              24 820            -
Total public contributions and donations | 24 820            -

18 Employee related costs and DHET management fee

Employee related costs
Employee related costs - Contributions for UIF, pensions and medical aids | 8 921 936 | 8 443 907
Performance and other bonuses                           3 916 203          2 312 487
College Payroll Report 191/NCV Lecturer & Support Staff | 24 442 125 | 25 643 813
Total Employees related costs and DHET Management Fee | 37 280 264 | 36 400 208
GERT SIBANDE TVET COLLEGE
Notes to the Financial Statements for the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 R</th>
<th>2017 R</th>
</tr>
</thead>
<tbody>
<tr>
<td>DHET management fee cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related costs - Salaries and Wages</td>
<td>135 312 415</td>
<td>119 473 550</td>
</tr>
<tr>
<td></td>
<td>135 312 415</td>
<td>119 473 550</td>
</tr>
<tr>
<td>Total employee related costs and DHET management fee</td>
<td>172 592 680</td>
<td>155 873 758</td>
</tr>
<tr>
<td>Expenses paid via College payroll:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>College Payroll Report 191/NCV Lecturer &amp; Support Staff</td>
<td>24 442 125</td>
<td>25 643 813</td>
</tr>
<tr>
<td></td>
<td>24 442 125</td>
<td>25 643 813</td>
</tr>
<tr>
<td>Total non-funded and other</td>
<td>24 442 125</td>
<td>25 643 813</td>
</tr>
<tr>
<td>College Payroll Report 191/NCV Lecturer &amp; Support Staff</td>
<td>24 442 125</td>
<td>25 643 813</td>
</tr>
</tbody>
</table>

In terms of the CET Act, employees that are employed by DHET and have a dual accountability towards the council and DHET respectively.

19 Impairment of debtors

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student debt impairment provision</td>
<td>8 576 017</td>
<td>21 129 432</td>
</tr>
<tr>
<td>Business debt impairment provision</td>
<td>4 620 930</td>
<td>392 949</td>
</tr>
<tr>
<td></td>
<td>13 196 947</td>
<td>21 522 381</td>
</tr>
</tbody>
</table>

20 Depreciation and amortisation

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>12 159 777</td>
<td>14 376 107</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>194 471</td>
<td>230 533</td>
</tr>
<tr>
<td></td>
<td>12 354 248</td>
<td>14 606 640</td>
</tr>
</tbody>
</table>

21 Books and learning materials

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Text books (NCV)</td>
<td>1 490 619</td>
<td>6 024 325</td>
</tr>
<tr>
<td>Text books (Report 191)</td>
<td>1 252 893</td>
<td>1 429 952</td>
</tr>
<tr>
<td>ISAT Consumables</td>
<td>2 240 137</td>
<td>3 377 369</td>
</tr>
<tr>
<td>Workshops at Campus</td>
<td>144 680</td>
<td>102 005</td>
</tr>
<tr>
<td>Tuition Aid</td>
<td>137 555</td>
<td>93 316</td>
</tr>
<tr>
<td>First Aid Training</td>
<td>156 153</td>
<td>155 163</td>
</tr>
<tr>
<td></td>
<td>6 126 054</td>
<td>5 581 626</td>
</tr>
</tbody>
</table>

22 Student support services

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Activities</td>
<td>5 921 500</td>
<td>5 473 736</td>
</tr>
<tr>
<td>Student educational tours</td>
<td>60 672</td>
<td>30 690</td>
</tr>
<tr>
<td>Student Incentives</td>
<td>143 882</td>
<td>77 200</td>
</tr>
<tr>
<td></td>
<td>6 126 054</td>
<td>5 581 626</td>
</tr>
</tbody>
</table>

23 Repairs and maintenance

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land, buildings and infrastructure</td>
<td>5 768 721</td>
<td>11 013 587</td>
</tr>
<tr>
<td>Vehicles</td>
<td>1 047 880</td>
<td>782 123</td>
</tr>
<tr>
<td>Other property, plant and equipment items</td>
<td>3 498 410</td>
<td>6 089 945</td>
</tr>
<tr>
<td></td>
<td>10 315 012</td>
<td>17 885 655</td>
</tr>
</tbody>
</table>
## GERT SIBANDE TVET COLLEGE

Notes to the Financial Statements for the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>24 Operating lease expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land, buildings and infrastructure</td>
<td>829 047</td>
<td>688 787</td>
</tr>
<tr>
<td>Office equipment - Copier Machines</td>
<td>5 093 018</td>
<td>2 977 039</td>
</tr>
<tr>
<td>Computer equipment - Student Tablets</td>
<td>-</td>
<td>27 191</td>
</tr>
<tr>
<td>Video Conferencing</td>
<td>106 582</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>6 028 647</td>
<td>3 693 017</td>
</tr>
<tr>
<td>25 Professional services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal fees</td>
<td>65 230</td>
<td>414 683</td>
</tr>
<tr>
<td>Outsourced internal audit fees</td>
<td>341 737</td>
<td>411 311</td>
</tr>
<tr>
<td>Total</td>
<td>406 967</td>
<td>825 994</td>
</tr>
<tr>
<td>26 Other expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank charges</td>
<td>488 623</td>
<td>378 713</td>
</tr>
<tr>
<td>Cleaning and pest control</td>
<td>769 396</td>
<td>682 571</td>
</tr>
<tr>
<td>Compensation commissioner contributions</td>
<td>-</td>
<td>210 748</td>
</tr>
<tr>
<td>Conferences and delegations</td>
<td>1 104 374</td>
<td>1 950 101</td>
</tr>
<tr>
<td>Consulting fees</td>
<td>-</td>
<td>475 677</td>
</tr>
<tr>
<td>Council fees</td>
<td>165 401</td>
<td>97 620</td>
</tr>
<tr>
<td>Insurance</td>
<td>2 553 922</td>
<td>2 185 918</td>
</tr>
<tr>
<td>Levies paid</td>
<td>-</td>
<td>400</td>
</tr>
<tr>
<td>Membership fees</td>
<td>273 619</td>
<td>187 369</td>
</tr>
<tr>
<td>Rates &amp; Taxes</td>
<td>70 345</td>
<td>53 398</td>
</tr>
<tr>
<td>Copier Charges</td>
<td>2 786 421</td>
<td>4 088 984</td>
</tr>
<tr>
<td>Other Rentals - Generators</td>
<td>-</td>
<td>19 250</td>
</tr>
<tr>
<td>Uniforms, protective clothing and health and safety</td>
<td>675 896</td>
<td>646 211</td>
</tr>
<tr>
<td>Training</td>
<td>19 812</td>
<td>252</td>
</tr>
<tr>
<td>Invigilation Fees</td>
<td>1 357 009</td>
<td>1 160 506</td>
</tr>
<tr>
<td>Computer Accessories</td>
<td>376 331</td>
<td>-</td>
</tr>
<tr>
<td>Drawing Plans</td>
<td>484 252</td>
<td>386 027</td>
</tr>
<tr>
<td>Computer Software Licenses</td>
<td>2 588 781</td>
<td>1 516 158</td>
</tr>
<tr>
<td>Project Expense (SETAs, etc)</td>
<td>47 780 828</td>
<td>44 735 735</td>
</tr>
<tr>
<td>Total</td>
<td>61 495 007</td>
<td>58 775 638</td>
</tr>
</tbody>
</table>
### GERT SIBANDE TVET COLLEGE

#### Notes to the Financial Statements for the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>27  Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus/(deficit) for the year</td>
<td>53 464 066</td>
<td>(43 437 681)</td>
</tr>
<tr>
<td>Adjustment for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>12 354 248</td>
<td>14 606 640</td>
</tr>
<tr>
<td>Interest income (non-cash)</td>
<td>(4 359 915)</td>
<td>(3 515 211)</td>
</tr>
<tr>
<td>Debt impairment</td>
<td>13 196 947</td>
<td>21 522 381</td>
</tr>
<tr>
<td>Inventory adjustment prior year error</td>
<td>2 860 421</td>
<td></td>
</tr>
<tr>
<td></td>
<td>74 655 346</td>
<td>(7 963 449)</td>
</tr>
</tbody>
</table>

#### Changes in working capital:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Increase)/decrease in inventories</td>
<td>(1 360 592)</td>
<td>(69 777)</td>
</tr>
<tr>
<td>(Increase)/decrease in trade and other receivables from exchange transactions</td>
<td>9 138 709</td>
<td>(12 016 552)</td>
</tr>
<tr>
<td>(Increase)/decrease in other receivables from non-exchange transactions</td>
<td>16 682 925</td>
<td>(5 698 871)</td>
</tr>
<tr>
<td>Increase/(decrease) in trade and other payables from exchange transactions</td>
<td>6 297 758</td>
<td>11 418 351</td>
</tr>
<tr>
<td></td>
<td>30 758 801</td>
<td>(6 366 849)</td>
</tr>
</tbody>
</table>

#### Net cash flows from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Investment income</td>
<td>4 359 915</td>
<td>3 515 211</td>
</tr>
<tr>
<td>Debt impairment</td>
<td>(13 196 947)</td>
<td>(21 522 381)</td>
</tr>
<tr>
<td></td>
<td>96 577 115</td>
<td>(32 337 468)</td>
</tr>
</tbody>
</table>

#### 28 Prior Period Error

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Prior to Prior Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>During the year the following correction of errors occurred:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bursary Revenue Correction</td>
<td>(68 051 380)</td>
<td>(176 639 676)</td>
</tr>
<tr>
<td>Bursary Expenditure Correction</td>
<td>72 732 015</td>
<td>180 892 849</td>
</tr>
<tr>
<td>Bursary Liability Correction</td>
<td>4 680 635</td>
<td>4 253 173</td>
</tr>
</tbody>
</table>

The comparative amount has been restated as follows:

#### Statement of financial position

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Receivables From Non-Exchange Transactions</td>
<td>56 897 310</td>
<td>101 890 901</td>
</tr>
<tr>
<td>Trade &amp; Other Payables from Exchange Transactions</td>
<td>26 205 816</td>
<td>36 132 468</td>
</tr>
<tr>
<td></td>
<td>83 103 126</td>
<td>138 023 369</td>
</tr>
</tbody>
</table>
### GERT SIBANDE TVET COLLEGE

**Notes to the Financial Statements for the year ended 31 December 2018**

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Statement of financial performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Income from Non-Exchange Transactions</td>
<td>929 683</td>
<td>1 124 323</td>
</tr>
<tr>
<td>Grants, Bursaries &amp; Subsidies Paid</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net effect on Accumulated surplus opening balance</td>
<td>929 683</td>
<td>1 124 323</td>
</tr>
<tr>
<td>Cash flow statement</td>
<td>(4 680 635)</td>
<td>(4 253 173)</td>
</tr>
</tbody>
</table>

Correction to remove NSFAS and Private Bursary Funds received and Bursaries Allocated from the Income Statement.

Funds received to be recorded as debits in the Bursary Creditor Control Account with subsequent allocations to students to be recorded as credits.

The net effect should be a Bursary Liability with any unallocated bursaries to be returned to funders upon reconciliation of the bursary processes.

Retrospective correction has been processed as far back as 2014, Bursary records prior to this are not available and fall beyond the retention period as per the Accounting records policy.

#### 29 Change in estimate

During the year the following changes were made to the estimations employed in the accounting for assets:

<table>
<thead>
<tr>
<th></th>
<th>Value derived using the original estimate</th>
<th>Value derived using amended estimate</th>
<th>R-value impact of change in estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in depreciation / amortisation resulting from reassessment of useful lives. The following categories are affected:</td>
<td>10 473 019</td>
<td>6 134 341</td>
<td>4 338 678</td>
</tr>
<tr>
<td>Machinery - the useful range life changed from 10 to 15</td>
<td>3 318 734</td>
<td>1 713 366</td>
<td>1 605 368</td>
</tr>
<tr>
<td>Computer Equipment - the useful range life changed from 9 to 12</td>
<td>3 577 143</td>
<td>2 210 488</td>
<td>1 366 655</td>
</tr>
</tbody>
</table>
### GERT SIBANDE TVET COLLEGE

**Notes to the Financial Statements for the year ended 31 December 2018**

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

#### 30 Unauthorised, Irregular, Fruitless and Wasteful Expenditure

**Fruitless and wasteful expenditure**

<table>
<thead>
<tr>
<th>Reconciliation of fruitless and wasteful expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
</tr>
<tr>
<td>Fruitless and wasteful expenditure current year</td>
</tr>
<tr>
<td>Condoned by College Council</td>
</tr>
<tr>
<td>Fruitless and wasteful expenditure awaiting condonement</td>
</tr>
</tbody>
</table>

**Incident Disciplinary steps/criminal proceedings**

No disciplinary steps as interest raised on Municipal account despite efforts made by the TVET to receive and make payment timeously.

#### Irregular expenditure

**Reconciliation of irregular expenditure**

<table>
<thead>
<tr>
<th>Opening balance</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irregular expenditure current year</td>
<td>85 731</td>
</tr>
<tr>
<td>Condoned by College Council</td>
<td>(85 731)</td>
</tr>
<tr>
<td>Irregular expenditure awaiting condonement</td>
<td>0</td>
</tr>
</tbody>
</table>

**Incident Disciplinary steps/criminal proceedings**

No disciplinary steps as expenditure authorised by CFO/CEO prior to incurrence.
### 31 Operating lease commitments

At the reporting date the College has outstanding commitments under operating leases which fall due as follows:

#### Operating lease arrangements

**Lessee**
- The major category of asset leased is Video Conferencing Equipment
- At the reporting date the College had outstanding commitments under non-cancellable operating leases, which fall due as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Up to 1 year</td>
<td>630 508</td>
<td></td>
</tr>
<tr>
<td>2 to 5 years</td>
<td>3 052 342</td>
<td>3 682 850</td>
</tr>
<tr>
<td></td>
<td>3 682 850</td>
<td>-</td>
</tr>
</tbody>
</table>

Operating Leases consists of the following:
- This Lease is negotiated for a term of 5 years and rentals are escalated at 10% annually. No contingent rent is payable.

Notice to be served at end of initial period (5 years) after which a 3 month ownership fee is payable should the TVET College request ownership. Until such ownership is requested and subsequently paid for, all equipment remain the property of the Lessor.

Restrictions imposed by lease arrangements are
- Conditions of usage and movement
- Conditions of upgrades and modifications
- Conditions of repairs and maintenance

**Lessee**
- The major category of asset leased is Telephone System Equipment
- At the reporting date the College had outstanding commitments under non-cancellable operating leases, which fall due as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Up to 1 year</td>
<td>371 753</td>
<td></td>
</tr>
<tr>
<td>2 to 5 years</td>
<td>495 674</td>
<td></td>
</tr>
<tr>
<td></td>
<td>867 427</td>
<td>-</td>
</tr>
</tbody>
</table>
Operating Leases consists of the following:
This Lease is negotiated for a term of 3 years and rentals have no annual escalation. No contingent rent is payable.

Notice to be served at end of initial period (3 years) after which an option to purchase the equipment is available at the price as determined by the Lessor.

Restrictions imposed by lease arrangements are
- Conditions of usage and movement
- Conditions of upgrades and modifications
- Conditions of repairs and maintenance

Total
At the reporting date the College had outstanding commitments under non-cancellable operating leases, which fall due as follows:

<table>
<thead>
<tr>
<th>Up to 1 year</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>1 002 261</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 548 016</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4 550 277</td>
<td>-</td>
</tr>
</tbody>
</table>

**32 Commitments**

**COMMITMENTS IN RESPECT OF CAPITAL EXPENDITURE**

<table>
<thead>
<tr>
<th>- Approved and contracted for</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPE</td>
<td>3 608 107</td>
<td>3 653 841</td>
</tr>
<tr>
<td>Tender Projects</td>
<td>3 342 457</td>
<td>3 414 441</td>
</tr>
<tr>
<td>CCTV Maintenance Contract</td>
<td>265 650</td>
<td>239 400</td>
</tr>
<tr>
<td><strong>Total capital commitments</strong></td>
<td>3 608 107</td>
<td>3 653 841</td>
</tr>
</tbody>
</table>

The capital commitments will be financed from

| - Government Grants | 1 491 067 | 928 523 |
| - Own resources     | 2 117 040 | 2 725 318 |
| **Total**           | 3 608 107 | 3 653 841 |
33 **In-kind donations and assistance**

The College received the following in-kind donations and assistance which was not recognised:

**DHET / SAICA HR and CFO Support Projects**

The DHET SAICA HR and CFO Projects provide support to the College through the provision of a part time HR Business Partner and a full time ADPF, as well as central project management support, including technical, policy development, governance and business management systems support. The project management support also includes a provincial management and performance management support, to assist the College in managing the HRBP’s and the ADPF’s performance. The Project is funded by the National Skills Fund and the services are provided by SAICA as part of its Nation Building initiative on a recovery of cost basis, which is well below fair value.

The HR Support project is scheduled to conclude on 31 December 2018 and the CFO Support Project is scheduled to conclude on 30 June 2019. After the conclusion of the Projects, the College will have to bear the cost of obtaining additional HR support that may be required and it will also have to bear the cost appointing a Deputy Principal Finance and to create the resources to replace the central support provided by the project management.

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

34 **Related parties**

**Members of key management**

- Mr P Balkrishen
- Mrs TPP Mange
- Mr JA Pretorius
- Mr E Khan
- Mr N Govender
- Ms RM Mampye
- College Council

**DHET**

Programme Funding

**NSFAS**

Student Bursaries

**SETAs**

- BANK SETA
- CATHSETA
- FOODBEV SETA
- INSETA
GERT SIBANDE TVET COLLEGE
Notes to the Financial Statements for the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
</tbody>
</table>

PSETA     
MERSETA     
EWSETA     
LG SETA     
FP&M SETA     
W&R SETA     
NSF

Related party balances
Amounts included in Receivable (Payable) regarding related parties

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>DHET</td>
<td>40 214 385</td>
<td>56 897 310</td>
</tr>
<tr>
<td>NSFAS</td>
<td>332 797</td>
<td>8 334 793</td>
</tr>
</tbody>
</table>

SETAs

<table>
<thead>
<tr>
<th>SETA</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANK SETA</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CATHSETA</td>
<td>-</td>
<td>122 140</td>
</tr>
<tr>
<td>FOODBEV SETA</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>INSETA</td>
<td>119 996</td>
<td>-</td>
</tr>
<tr>
<td>PSETA</td>
<td>-</td>
<td>612 000</td>
</tr>
<tr>
<td>MERSETA</td>
<td>-</td>
<td>696 750</td>
</tr>
<tr>
<td>EWSETA</td>
<td>1 898 107</td>
<td>-</td>
</tr>
<tr>
<td>LG SETA</td>
<td>-</td>
<td>(25 000)</td>
</tr>
<tr>
<td>FP&amp;M SETA</td>
<td>688 659</td>
<td>-</td>
</tr>
<tr>
<td>W&amp;R SETA</td>
<td>1 029 825</td>
<td>1 029 825</td>
</tr>
<tr>
<td>NSF</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Related party transactions
Key management personnel employee cost

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr P Balkrishen</td>
<td>1 199 199</td>
<td>1 226 911</td>
</tr>
<tr>
<td>Mrs TPP Mange</td>
<td>923 715</td>
<td>622 726</td>
</tr>
<tr>
<td>Mr JA Pretorius</td>
<td>720 234</td>
<td>592 360</td>
</tr>
<tr>
<td>Mr E Khan</td>
<td>676 480</td>
<td>644 674</td>
</tr>
<tr>
<td>Mr N Govender</td>
<td>648 862</td>
<td>-</td>
</tr>
<tr>
<td>Ms RM Mampye</td>
<td>627 273</td>
<td>-</td>
</tr>
</tbody>
</table>

Contributions to defined contribution plans
(Medical & Pension)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr P Balkrishen</td>
<td>106 867</td>
<td>99 139</td>
</tr>
<tr>
<td>Mrs TPP Mange</td>
<td>111 867</td>
<td>73 529</td>
</tr>
<tr>
<td>Mr JA Pretorius</td>
<td>105 818</td>
<td>88 995</td>
</tr>
<tr>
<td>Mr E Khan</td>
<td>103 535</td>
<td>95 263</td>
</tr>
<tr>
<td>Mr N Govender</td>
<td>81 655</td>
<td>-</td>
</tr>
<tr>
<td>Ms RM Mampye</td>
<td>80 190</td>
<td>-</td>
</tr>
</tbody>
</table>
GERT SIBANDE TVET COLLEGE

Notes to the Financial Statements for the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>DHET management fee cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERSAL Salaries DHET Appointed</td>
<td>135 312 415</td>
<td>119 473 550</td>
</tr>
<tr>
<td>College Council Fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel/Sitting Costs - College Council Chairperson</td>
<td>17 808</td>
<td>8 264</td>
</tr>
<tr>
<td>Travel/Sitting Costs - Other College Council Members</td>
<td>103 854</td>
<td>89 356</td>
</tr>
</tbody>
</table>

35Going concern

We draw attention to the fact that at 31 December 2018, the College had accumulated profits of R 299 914 189 and that the College’s total assets exceed its liabilities by R 299 914 189 NotesF1.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the College to continue as a going concern is dependent on a number of factors. The most significant of these is that the College is dependent on programme funding received from DHET at a level which, when combined with other revenue generated by the College, is sufficient to fund the operations of the College.

36Net Assets

In terms of the CET Act, the Minister of Higher Education and Training may close a public college subject to certain conditions. In such a case, the net assets of the College, comprising the accumulated surplus and reserves, will vest in the Minister of Higher Education and Training after the settlement of all liabilities.
GERT SIBANDE TVET COLLEGE

Notes to the Financial Statements for the year ended 31 December 2018

37 Risk management and other financial instrument disclosures

Maximum credit risk exposure
Credit risk exposure arise from mainly from cash deposits, cash equivalents and trade debtors. The College only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base, comprising mainly of students of the College. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the council. The utilisation of credit limits is regularly monitored.

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td>R</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>129 643 381</td>
<td>19 145 655</td>
</tr>
<tr>
<td>Trade and other receivables from exchange transactions</td>
<td>7 101 348</td>
<td>16 240 057</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>275 150</td>
<td>299 976</td>
</tr>
<tr>
<td>Other receivables from non-exchange transactions, including transfers</td>
<td>40 214 385</td>
<td>56 897 310</td>
</tr>
</tbody>
</table>

Liquidity risk
The College's risk to liquidity is a result of the funds available to cover future commitments. The College manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the College's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Impairment Disclosure for Current Financial Assets Carried at Armotised Costs
All of the TVET Colleges Financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision of R 51 120 931 had been recorded accordingly.

The impaired consumer receivables are mostly due from students and private funders defaulting on tuition fees from students and pledged funding by private funders.

Refer to Note 4 for the impairment reconciliation of consumer receivables.

<table>
<thead>
<tr>
<th>2018</th>
<th>Not later than one month</th>
<th>Later than one month and not later than three months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>1 925 301</td>
<td>3 290 122</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018</th>
<th>Not later than one year</th>
<th>Later than one year and not later than five years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>3 939 147</td>
<td>54 112 737</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2017</th>
<th>Not later than one month</th>
<th>Later than one month and not later than three months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>1 470 576</td>
<td>3 313 192</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Interest rate risk

As the College has no significant interest-bearing assets, the College’s income and operating cash flows are substantially independent of changes in market interest rates.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits

#### Interest rate risk sensitivity analysis

The susceptibility of the College’s financial performance to changes in interest rates can be illustrated as follows:

**2018**

**Interest income**

<table>
<thead>
<tr>
<th>Event Description</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate increase of 25 basis points</td>
<td>58 284</td>
</tr>
<tr>
<td>Interest rate decrease 25 basis points</td>
<td>(58 284)</td>
</tr>
</tbody>
</table>

**2017**

**Interest income**

<table>
<thead>
<tr>
<th>Event Description</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rate increase of 25 basis points</td>
<td>36 842</td>
</tr>
<tr>
<td>Interest rate decrease 25 basis points</td>
<td>(36 842)</td>
</tr>
</tbody>
</table>

#### Fair value disclosures

The College uses the following hierarchy to determine the fair value of those instruments carried at fair value:

- **Level 1** - Fair value determined based on unadjusted quoted prices in an active market
- **Level 2** - Fair value determined based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3** - Fair value determined based on inputs for the asset or liability that are not based on observable market data (unobservable inputs), i.e. valuation techniques

At the reporting date the College held the following financial assets carried at fair value:

**2018**

<table>
<thead>
<tr>
<th>Assets measured at fair value</th>
<th>Level 1 fair value</th>
<th>Level 2 fair value</th>
<th>Level 3 fair value</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanlam Shares</td>
<td>275 150</td>
<td></td>
<td></td>
<td>275 150</td>
</tr>
<tr>
<td>Total</td>
<td>275 150</td>
<td></td>
<td></td>
<td>275 150</td>
</tr>
</tbody>
</table>

**2017**

<table>
<thead>
<tr>
<th>Assets measured at fair value</th>
<th>Level 1 fair value</th>
<th>Level 2 fair value</th>
<th>Level 3 fair value</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanlam Shares</td>
<td>299 976</td>
<td></td>
<td></td>
<td>299 976</td>
</tr>
<tr>
<td>Total</td>
<td>299 976</td>
<td></td>
<td></td>
<td>299 976</td>
</tr>
</tbody>
</table>

### Tax exemption
